



ace usa

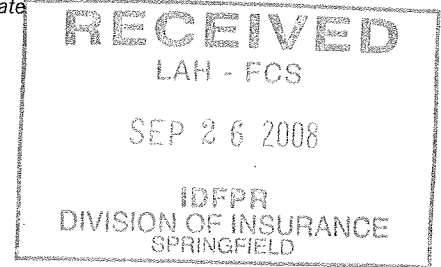
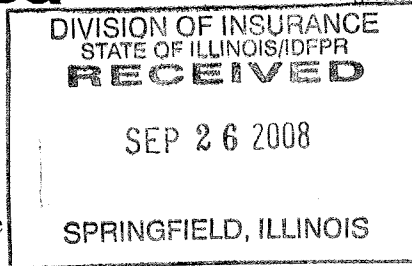
Office of Regulatory
Compliance
Routing WB04G
436 Walnut Street
Philadelphia, PA 19106
USA
Viola McBride
Regulatory Associate

215-640-5238 tel

viola.mcbride@ace-ina.com
www.ace-ina.com

September 24, 2008

Director of Insurance
Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767



Re: Company ACE USA #0626
ACE American Insurance Company
Allied Health Program
Rates Filing
Our Filing Number : 08-MR-2007652 (R)

NAIC#
22667

FEIN
95-2371728 ✓

RATE/RULE

-15.0%

Dear Commissioner:

We are filing a rate reduction for our independently filed Allied Health program. Our intention is to lower rates across the board by fifteen percent. To support this filing we have provided a rate indication package.

We are seeking approval using the earliest possible effective date permitted by the Department.

Sincerely,

Viola McBride

Viola McBride

FILED

APR 15 2009

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

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MEM
RAT
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Jeh*

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #
ACE USA	626

4. Company Name(s)	Domicile	NAIC #	FEIN #
ACE American Insurance Company	PA	22667	95-2371728

5. Company Tracking Number	08-MR-2007652
-----------------------------------	----------------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Viola McBride 510 Walnut Street WB04G Philadelphia, PA 19106	Regulatory Associate	(215) 640-5238	(215) 640-4986	viola.mcbride@ace- ina.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Viola McBride

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	Medical Malpractice
10. Sub-Type of Insurance (Sub-TOI)	Other
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	N/A
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: Upon approval Renewal: Upon approval

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
16.	Reference Organization (if applicable)			
17.	Reference Organization # & Title			
18.	Company's Date of Filing			
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed	<input checked="" type="checkbox"/> Pending	<input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	08-MR-2007652
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
------------	--

We are filing a rate reduction for our independently filed Allied Health program. Our intention is to lower rates across the board by fifteen percent. To support this filing we have provided a rate indication package.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div style="margin-bottom: 20px;"> Check #: N/A Amount: N/A </div> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>	

***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	08-MR-2007652 (R)
----	--	-------------------

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
----	---	--

☐ Rate Increase

☒ Rate Decrease

☐ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	
----	--	--

4a.	Rate Change by Company (As Proposed)						
-----	---	--	--	--	--	--	--

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
ACE American Insurance Company	6.4%	-15.00%	-33,257	155	221,714	-15.00%	-15.00%

4b.	Rate Change by Company (As Accepted) For State Use Only						
-----	--	--	--	--	--	--	--

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)	6.4%	
5b.	Overall percentage rate impact for this filing	-15.00%	
5c.	Effect of Rate Filing – Written premium change for this program	-33,257	
5d.	Effect of Rate Filing – Number of policyholders affected	155	

6.	Overall percentage of last rate revision	94.3%
----	--	-------

7.	Effective Date of last rate revision	7/27/2004
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	
----	---	--

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective Upon Approval

(1) <u>Coverage</u>		(2) <u>Annual Premium Volume (Illinois)*</u>	(3) <u>Percent Change (+ or -)**</u>
	Private Passenger		
	Commercial		
2.	Automobile Physical Damage		
	Private Passenger		
	Commercial		
3.	Liability Other Than Auto		
4.	Burglary and Theft		
5.	Glass		
6.	Fidelity		
7.	Surety		
8.	Boiler and Machinery		
9.	Fire		
10.	Extended Coverage		
11.	Inland Marine		
12.	Homeowners		
13.	Commercial Multi-Peril		
14.	Crop Hail		
15.	Other <u>Medical Malpractice</u>	<u>221,714</u>	<u>-15.0</u>

Does filing only apply to certain territory (territories) or certain classes? If so, specify:

no

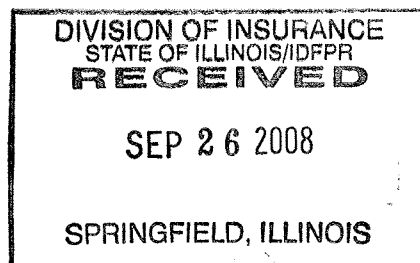
Brief description of filing. (If filing follows rates of an advisory organization, specify organization):

We are filing a rate reduction for our independently filed Allied Health program. Our intention is to lower rates across the board by fifteen percent. To support this filing we have provided a rate indication package.

* Adjusted to reflect all prior rate changes.

** Change in Company's premium level which will result from application of new rates.

H29219D



ACE American Insurance Company
Name of Company

Viola McBride - Regulatory
Associate

Official - Title

FILING 08-MR-2007652(R)

Neuman, Gayle

From: Neuman, Gayle
Sent: Tuesday, February 23, 2010 2:48 PM
To: 'Loughran, Jennifer M'
Subject: ACE American #08-MR-2007652 (R)
Attachments: AceAmerican.pdf

Ms. Loughran,

Please see the attached letter in response to your e-mail dated February 17, 2010.

Thank you for your assistance.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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2/23/2010



Illinois Department of Insurance

PAT QUINN
Governor

MICHAEL T. McRAITH
Director

February 23, 2010

ACE American Insurance Company
436 Walnut Street
Philadelphia, PA 19106

Attention: Jennifer Loughran
Medical Risk Product Manager

Re: Rate/Rule Filing #08-MR-2007652 (R)

Ms. Loughran:

Please be advised that the above referenced rate/rule filing was not in compliance with Regulation 929, which requires medical malpractice filings to be filed before the rates are utilized by the insurer. ACE American notified the Department of Insurance that the company inadvertently used the new rates prior to the effective date on five accounts.

Because ACE American brought this matter to our attention, and because the rate filing involved a premium discount to the insureds involved, the Department has decided not to recommend regulatory action such as a Stipulation and Consent Order.

Please be advised that future filings will be monitored by the Department for compliance with Regulation 929.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gayle Neuman".

Gayle Neuman
Insurance Analyst
Property & Casualty Compliance Unit
(217) 524-6497

Neuman, Gayle

From: Loughran, Jennifer M [Jennifer.Loughran@acegroup.com]
Sent: Wednesday, February 17, 2010 12:10 PM
To: Neuman, Gayle
Subject: RE: Allied Health Program - Rate Filing #08-MR-2007652(R)

Hi Gayle,

We inadvertently posted our rates internally prior to their being approved. There were only 5 accounts that came up for renewal during this time, between 2/1/09 – 4/1/09
Their renewal dates were 3/1/09; 3/18/09; 4/1/09; 4/1/09; 4/11/09. There were no other accounts that renewed with the same dates that did not receive the discount.

Regards,

Jennifer Loughran

Medical Risk Product Manager
Ace Group
510 Walnut Street, WB04G
Philadelphia, PA 19105
215-640-4330

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, February 09, 2010 3:25 PM
To: Loughran, Jennifer M
Subject: RE: Allied Health Program - Rate Filing #08-MR-2007652(R)

Ms. Loughran,

Please provide the Department with a detailed description of how the five policies received the decreased rates. How did it only effect five accounts? What were the dates of their renewals? Were any other accounts renewed with those same renewal dates that did not receive the discount being filed?

Your prompt attention is appreciated.

Gayle Neuman
Department of Insurance

From: Loughran, Jennifer M [mailto:Jennifer.Loughran@acegroup.com]
Sent: Tuesday, December 29, 2009 9:37 AM
To: Neuman, Gayle
Cc: Clouser, Caroline; Flanigan, Melissa R; McBride, Viola
Subject: RE: Allied Health Program - Rate Filing #08-MR-2007652(R)

Hi Gayle,

We only have 148 policies in Illinois. The five policies that inadvertently received the decreased rates were all renewals. We did not write any new policies between the time we filed and the approval.

Jennifer Loughran

Medical Risk Product Manager
Ace Group

2/17/2010

510 Walnut Street, WB04G
Philadelphia, PA 19105
215-640-4330

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, December 29, 2009 10:18 AM
To: Loughran, Jennifer M
Subject: FW: Allied Health Program - Rate Filing #08-MR-2007652(R)

Ms. Loughran,

Can you help me with this filing? Here is the e-mail I sent to Ms. McBride on December 10, 2009.

Gayle Neuman
Department of Insurance

From: Neuman, Gayle
Sent: Thursday, December 10, 2009 2:35 PM
To: 'McBride, Viola'
Subject: RE: Allied Health Program - Rate Filing #08-MR-2007652(R)

Ms. McBride,

How many total accounts does ACE American write for the allied health program? Did only some of the accounts receive the decreased rates? Please explain.

From: McBride, Viola [mailto:Viola.McBride@acegroup.com]
Sent: Thursday, December 10, 2009 2:26 PM
To: Neuman, Gayle
Subject: RE: Allied Health Program - Rate Filing #08-MR-2007652(R)

Dear Ms. Neuman,

There was a total of 5 accounts for which we inadvertently used the new rates for the Allied Health Program before the 4/15/09. approval date.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Thursday, December 10, 2009 12:07 PM
To: McBride, Viola
Subject: FW: Allied Health Program - Rate Filing #08-MR-2007652(R)

Your immediate attention to the attached e-mail is being requested. Thank you for your cooperation.

Gayle Neuman
Department of Insurance

From: Neuman, Gayle
Sent: Monday, December 07, 2009 8:02 AM
To: 'McBride, Viola'
Subject: Allied Health Program - Rate Filing #08-MR-2007652(R)

Ms. McBride,

2/17/2010

The Department has now completed its review of the filing referenced above. The Director signed off on this filing on December 4, 2009. Originally, ACE American requested the filing be effective "upon approval". Has the rate decrease been put in effect to date? Do you wish the filing to be effective as of December 4, 2009? Your prompt response is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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2/17/2010

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Neuman, Gayle

From: McBride, Viola [Viola.McBride@acegroup.com]
Sent: Monday, April 13, 2009 1:32 PM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Dear Ms. Neuman,

Per our conversation of this date, we wish to advise that we are implementing the above-captioned filing, under the Use and File provisions of Illinois statutes. Our effective date for this filing is 04/15/09.

Thank you.

From: McBride, Viola
Sent: Monday, April 06, 2009 12:08 PM
To: 'Neuman, Gayle'
Subject: FW: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Please advise of the status. Thank you.

From: McBride, Viola
Sent: Wednesday, December 03, 2008 3:39 PM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

In response to the other issues, we revised the IL manual to include the rationale for the surcharges on AH-7. We certify that there are no changes to this manual other than the ones currently under review. We changed the edition date on the entire manual because it is impossible to change the date only on certain pages.

Thank you.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, December 02, 2008 11:13 AM
To: McBride, Viola
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Ms. McBride,

Thank you for clarifying this issue. I will await your response to the other issues.

From: McBride, Viola [mailto:Viola.McBride@ace-ina.com]
Sent: Tuesday, December 02, 2008 10:10 AM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Dear Ms. Neuman,

High Tech Critical is not necessarily represented by the category. An LPN for example is a single rate. If they are performing high tech/critical care, such as working with pediatric patients, then a separate surcharge is applicable. The rate is based upon the % of exposure.

4/14/2009

These are consistently applied if the insureds answers application question related to the additional exposure.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Monday, December 01, 2008 3:07 PM
To: McBride, Viola
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Ms. McBride,

In response to #3, we request the "Rationale" description provided be included in the "Surcharge" description in the manual. Your response did not address the category for "High Tech/ Critical Care". It would seem that insureds in critical care positions would already be charged a rate that would reflect the risk presented, so why the additional surcharge? It seems most of these surcharges reflect upon reviewing prospective employees, so what procedures are in place to ensure that the surcharges are consistently and fairly applied to all insureds?

Your response is requested by no later than December 9, 2008.

Gayle Neuman
Division of Insurance

From: McBride, Viola [mailto:Viola.McBride@ace-ina.com]
Sent: Monday, December 01, 2008 11:10 AM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Dear Ms. Neuman:

Our responses are as follows:

1. Yes, it is our intention to replace this page with the version listing -19.4%.
2. We are submitting a copy of AH-IL 1 (05/2007). We certify that nothing changed on this page, and that nothing else on the manual pages has changed except for the changes brought to your attention in this filing..
3. On page AH-7, the surcharges chart indicates "up to 25%" and "up to 10%" in each category. Please explain the criteria to determine each surcharge - for example, why would one insured receive a 15% surcharge while another insured receives a 25% surcharge?
We have attached an explanation.

Category	Surcharge	Rationale
Supplemental Staffing	A surcharge of up to 25% will apply to entities or individuals engaged in supplemental staffing.	On a sliding scale based upon % of exposure
Registry	A registry surcharge of up to 25% will apply to entities or individuals that do registry services.	On a sliding scale based upon % of exposure
Background Check	A surcharge of up to 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.	No surcharge if background checks adequately performed 5% surcharge if performed randomly 10% if no checks performed
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of up to 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or	On a sliding scale based upon % of exposure

Prisons.

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Neuman, Gayle

From: McBride, Viola [Viola.McBride@ace-ina.com]
Sent: Wednesday, December 03, 2008 2:39 PM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)
Attachments: CW Manual IL.DOC

In response to the other issues, we revised the IL manual to include the rationale for the surcharges on AH-7. We certify that there are no changes to this manual other than the ones currently under review. We changed the edition date on the entire manual because it is impossible to change the date only on certain pages.

Thank you.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, December 02, 2008 11:13 AM
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Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Ms. McBride,

Thank you for clarifying this issue. I will await your response to the other issues.

From: McBride, Viola [mailto:Viola.McBride@ace-ina.com]
Sent: Tuesday, December 02, 2008 10:10 AM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Dear Ms. Neuman,

High Tech Critical is not necessarily represented by the category. An LPN for example is a single rate. If they are performing high tech/critical care, such as working with pediatric patients, then a separate surcharge is applicable. The rate is based upon the % of exposure.

These are consistently applied if the insureds answers application question related to the additional exposure.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Monday, December 01, 2008 3:07 PM
To: McBride, Viola
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Ms. McBride,

In response to #3, we request the "Rationale" description provided be included in the "Surcharge" description in the manual. Your response did not address the category for "High Tech/ Critical Care". It would seem that insureds in critical care positions would already be charged a rate that would reflect the risk presented, so why the additional surcharge? It seems most of these surcharges reflect upon reviewing prospective employees, so what procedures are in place to ensure that the surcharges are consistently and fairly applied to all insureds?

Your response is requested by no later than December 9, 2008.

12/4/2008

Gayle Neuman
Division of Insurance

From: McBride, Viola [mailto:Viola.McBride@ace-ina.com]
Sent: Monday, December 01, 2008 11:10 AM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Dear Ms. Neuman:

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We have attached an explanation.

Category	Surcharge	Rationale
Supplemental Staffing	A surcharge of up to 25% will apply to entities or individuals engaged in supplemental staffing.	On a sliding scale based upon % of exposure
Registry	A registry surcharge of up to 25% will apply to entities or individuals that do registry services.	On a sliding scale based upon % of exposure
Background Check	A surcharge of up to 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.	No surcharge if background checks adequately performed 5% surcharge if performed randomly 10% if no checks performed
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of up to 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or Prisons.	On a sliding scale based upon % of exposure

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12/4/2008

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Neuman, Gayle

From: McBride, Viola [Viola.McBride@ace-ina.com]
Sent: Monday, December 01, 2008 11:10 AM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)
Attachments: IL - AHA STATE EXCEPTION PAGE (05-07).doc

Dear Ms. Neuman:

Our responses are as follows:

1. Yes, it is our intention to replace this page with the version listing -19.4%.
2. We are submitting a copy of AH-IL 1 (05/2007). We certify that nothing changed on this page, and that nothing else on the manual pages has changed except for the changes brought to your attention in this filing..
3. On page AH-7, the surcharges chart indicates "up to 25%" and "up to 10%" in each category. Please explain the criteria to determine each surcharge - for example, why would one insured receive a 15% surcharge while another insured receives a 25% surcharge?
We have attached an explanation.

Category	Surcharge	Rationale
Supplemental Staffing	A surcharge of up to 25% will apply to entities or individuals engaged in supplemental staffing.	On a sliding scale based upon % of exposure
Registry	A registry surcharge of up to 25% will apply to entities or individuals that do registry services.	On a sliding scale based upon % of exposure
Background Check	A surcharge of up to 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.	No surcharge if background checks adequately performed 5% surcharge if performed randomly 10% if no checks performed
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of up to 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or Prisons.	On a sliding scale based upon % of exposure

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, November 18, 2008 12:20 PM
To: McBride, Viola
Subject: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Ms. McBride,

Upon receipt of your response dated October 14, 2008, we have the following follow-up questions.

1. You provided another Exhibit 1 where the credibility weighted indication is -19.4%. The version of Exhibit 1 submitted with the original mailing of the filing listed a credibility weighted indication of 6.4%. Is it your intent to replace this page with the version listing -19.4%?

12/1/2008

2. On the additional manual pages provided, the edition date has changed. You are therefore required to certify that nothing else on the manual pages has changed except for the changes brought to our attention in this filing. Additionally, you submitted the 10/2003 edition of page AH-IL 1 instead of the 5/2007 edition which is the latest on file.
3. On page AH-7, the surcharges chart indicates "up to 25%" and "up to 10%" in each category. Please explain the criteria to determine each surcharge - for example, why would one insured receive a 15% surcharge while another insured receives a 25% surcharge?

We request receipt of your response by November 26, 2008.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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Gayle.Neuman@illinois.gov

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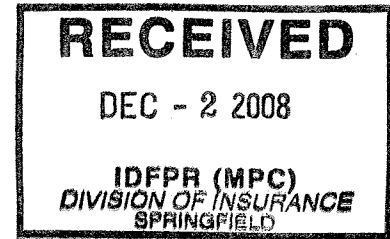
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Philadelphia, PA 19106
USA
Viola McBride
Regulatory Associate

215-640-5238 tel

viola.mcbride@ace-ina.com
www.ace-ina.com

December 1, 2008

Ms. Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Finance & Professional Regulation
320 West Washington Street
Springfield, Illinois 62767



Re: Company ACE USA #0626 NAIC# FEIN
 ACE American Insurance Company **22667** **95-2371728**
 Allied Health Program
 Rates Filing
 Our Filing Number: 08-MR-2007652 (R)

Dear Ms. Neuman:

We are responding to your email, dated November 18, 2008, regarding the above-captioned filing.
We are addressing your comments, in the order that they were presented.

1. You provided another Exhibit 1 where the credibility weighted indication is -19.4%. The version of Exhibit 1 submitted with the original mailing of the filing listed a credibility weighted indication of 6.4%. Is it your intent to replace this page with the version listing -19.4%?

Response:

Yes, it is our intention to replace this page with the version listing -19.4%.

2. On the additional manual pages provided, the edition date has changed. You are therefore required to certify that nothing else on the manual pages has changed except for the changes brought to our attention in this filing. Additionally, you submitted the 10/2003 edition of page AH-IL 1 instead of the 5/2007 edition which is the latest on file.

Response:

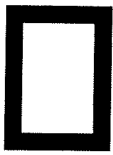
We are submitting a copy of AH-IL 1 (05/2007). We certify that nothing changed on this page, and that nothing else on the manual pages has changed except for the changes brought to your attention in this filing.

3. On page AH-7, the surcharges chart indicates "up to 25%" and "up to 10%" in each category. Please explain the criteria to determine each surcharge - for example, why would one insured receive a 15% surcharge while another insured receives a 25% surcharge?

Response:

We have attached an explanation.

Category	Surcharge	Rationale
Supplemental Staffing	A surcharge of up to 25% will apply to entities or individuals	On a sliding scale based upon % of exposure



	engaged in supplemental staffing.	
Registry	A registry surcharge of up to 25% will apply to entities or individuals that do registry services.	On a sliding scale based upon % of exposure
Background Check	A surcharge of up to 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.	No surcharge if background checks adequately performed 5% surcharge if performed randomly 10% if no checks performed
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of up to 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or Prisons.	On a sliding scale based upon % of exposure

Sincerely,

Viola McBride

Viola McBride

State Exceptions. Selected countrywide rules are amended as described below:

- I. Under Rule XV. PREMIUM CALCULATION RULES, Rule F., the following Territorial Multiplier applies:

Territory Definitions	Multiplier
1 – Cook County	1.40
2 – Counties of Dupage, Lake and Will	1.20
3 – Remainder of State	1.00

Neuman, Gayle

From: Neuman, Gayle
Sent: Wednesday, November 26, 2008 9:23 AM
To: 'McBride, Viola'
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Ms. McBride,

That is fine.

Gayle Neuman
Division of Insurance

From: McBride, Viola [mailto:Viola.McBride@ace-ina.com]
Sent: Wednesday, November 26, 2008 9:18 AM
To: Neuman, Gayle
Subject: RE: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Dear Ms. Neuman,

We are requesting an extension, until 12/12/08, to provide a response. Thank you.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, November 18, 2008 12:20 PM
To: McBride, Viola
Subject: ACE American Ins Co - Allied Health Rate Filing #08-MR-2007652 (R)

Ms. McBride,

Upon receipt of your response dated October 14, 2008, we have the following follow-up questions.

1. You provided another Exhibit 1 where the credibility weighted indication is -19.4%. The version of Exhibit 1 submitted with the original mailing of the filing listed a credibility weighted indication of 6.4%. Is it your intent to replace this page with the version listing -19.4%?
2. On the additional manual pages provided, the edition date has changed. You are therefore required to certify that nothing else on the manual pages has changed except for the changes brought to our attention in this filing. Additionally, you submitted the 10/2003 edition of page AH-IL 1 instead of the 5/2007 edition which is the latest on file.
3. On page AH-7, the surcharges chart indicates "up to 25%" and "up to 10%" in each category. Please explain the criteria to determine each surcharge - for example, why would one insured receive a 15% surcharge while another insured receives a 25% surcharge?

We request receipt of your response by November 26, 2008.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

11/26/2008

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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Gayle.Neuman@illinois.gov

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Neuman, Gayle

From: McBride, Viola [Viola.McBride@ace-ina.com]
Sent: Tuesday, October 14, 2008 9:54 AM
To: Neuman, Gayle
Subject: RE: Allied Health Rate Filing #08-MR-2007652 (R)
Attachments: IL - AHA STATE EXCEPTION PAGE[1].doc; II Response Letter.doc; IL - Indication - Allied Health-revised values.xls; Statement of Actuarial Opinion.doc; CW Manual All other(revised with all pages).doc

Attached are our responses to your comments.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, September 30, 2008 12:21 PM
To: McBride, Viola
Subject: Allied Health Rate Filing #08-MR-2007652 (R)

Ms. McBride,

We are in receipt of the above referenced filing submitted by your letter dated September 24, 2008. Please address the following issues:

1. 215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience. This information is required in every rate/rule filing for medical malpractice.
2. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If applicable, what stat agency is being used?
3. Please provide a copy of the other manual pages from this allied health section referencing the 5/2007 edition date.

We request receipt of your response by no later than October 14, 2008.

Gayle Neuman
 Property & Casualty Compliance, Division of Insurance
 Illinois Department of Financial & Professional Regulation
 (217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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Gayle.Neuman@illinois.gov

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10/14/2008

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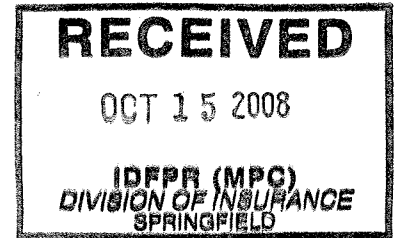


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October 14, 2008

Ms. Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
320 West Washington Street
Springfield, Illinois 62767

Re:	Company	ACE USA #0626	NAIC#	FEIN
	ACE American Insurance Company		22667	95-2371728
	Allied Health Program			
	Rates Filing			
	Our Filing Number : 08-MR-2007652 (R)			

Dear Ms. Neuman:

We are responding to your email, dated September 30, 2008, regarding the above-captioned filing.

1. 215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience. This information is required in every rate/rule filing for medical malpractice.

We have attached an actuarial certification as well as an indication.

2. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If applicable, what stat agency is being used?

We do not report statistics to statistical agencies except state insurance departments as required.. We have set up Access queries to apply to requested data extracts performed by our systems unit that do the necessary formatting and organizing. The responses for other data calls are not pre-planned and are dealt with as circumstances warrant.

3. Please provide a copy of the other manual pages from this allied health section referencing the 5/2007 edition date.

We have attached a copy of the complete manual, along with the Illinois State Exception Page.

Sincerely,

Viola McBride

Viola McBride



ace usa

October 14, 2008

Ms. Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
320 West Washington Street
Springfield, Illinois 62767

Office of Regulatory
Compliance
Routing WB04G
436 Walnut Street
Philadelphia, PA 19106
USA
Viola McBride
Regulatory Associate

215-640-5238 tel

viola.mcbride@ace-ina.com
www.ace-ina.com

Re:	Company	ACE USA #0626	NAIC#	FEIN
	ACE American Insurance Company		22667	95-2371728
	Allied Health Program			
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3. Please provide a copy of the other manual pages from this allied health section referencing the 5/2007 edition date.

We have attached a copy of the complete manual, along with the Illinois State Exception Page.

Sincerely,

Viola McBride

Viola McBride

**ACE American Insurance Company
Illinois
Allied Health
Actuarial Certification**

1

Statement of Actuarial Opinion

215 ILCS 5/155.18

In my opinion, the rates proposed in this filing are based on sound actuarial principles and are not inconsistent with the company's experience.

Name: Nanette Tingley

Title: Vice President and Actuary

Accreditation: A.C.A.S., M.A.A.A.

Date: October 13, 2008

Signature: 

I. APPLICATION OF MANUAL

- A. The rules contained in these pages govern the writing of Professional and General Liability policies for Allied Health professionals.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, will govern in all cases not specifically provided for herein.

II. POLICY TERM

- A. Policies may be written for a term of one year and renewed annually thereafter.

Coverage may be extended for a period not to exceed sixty (60) days beyond expiration date, subject to the consent of the Company and the rates and forms in effect for the expiring policy term. Premiums for this extension shall be calculated on a pro-rata basis.

Coverage may be renewed, subject to the consent of the Company, for additional periods by payment of a premium calculated according to the company's rates, rules and forms in effect at the time of renewal.

III. PREMIUM COMPUTATION

- A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.
- B. When a policy is issued for other than a whole year, the premiums will be computed on a pro-rata basis.

IV. FACTORS OR MULTIPLIERS

Unless otherwise noted, factors or multipliers are to be applied consecutively, as opposed to being added together.

V. POLICY WRITING MINIMUM PREMIUM

No policy minimum premium applies.

VI. WHOLE DOLLAR RULE

- A. The premium for each peril, coverage or exposure for which a separate premium is calculated will be rounded to the nearest whole dollar as follows:
 - 1. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.
 - 2. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

VII. ADDITIONAL PREMIUM CHARGES

- A. All coverage changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.
- B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations.
- C. Additional premiums of \$24 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

VIII. RETURN PREMIUMS

- A. Deletion of any coverage other than an optional coverage is not permitted unless the entire policy is cancelled.
- B. Return premiums are computed using rates in effect at the policy inception.
- C. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any coverage or exposure is deleted, or an amount of insurance is reduced.

IX. POLICY CANCELLATIONS

- A. This policy may be canceled flat by the Insured within 60 days of the effective date. Evidence of such cancellation must be received by the Company within the 60-day period.
- B. Any cancellation initiated by the Company more than 60 days from inception will be computed on a pro-rata basis.
- C. Cancellation initiated by the Insured will be computed pro rata less a penalty of 10% unless the same coverage is rewritten by the Company, in which case no penalty shall be applied.

X. COVERAGE

- A. Professional Liability is available on an occurrence or claims made basis.
- B. General Liability is provided on an occurrence or claims made basis.

XI. ELIGIBILITY

Rate Tables I and II under Section XVI. of these rules list the categories of service providers that are eligible for coverage.

The following additional eligibility/rating criteria apply to entities:

- 1. Entities with more than 75 full time equivalent employees will be written on a Refer to Company basis.

XII. LIMITS OF LIABILITY

A. The rates displayed in Rate Tables I and II under Section XVI. are to be treated as follows:

1. Table I provides Professional Liability rates for all allied health professionals, other than Optometrists and Opticians, for limits of \$1,000,000/\$3,000,000.

The table below provides the Differential Limits Factors used in calculating Professional Liability rates for other optional limits below \$1,000,000/\$3,000,000. For Differential Limits Factors for limits above \$1,000,000/\$3,000,000, refer to company for the factor to be used.

Aggregate	25	100	200	250	500	1,000
75	0.395					
300		0.632				
500				0.752	0.822	
600			0.712			
750				0.758	0.830	
1,000					0.834	0.944
3,000						1.000

2. Table II provides Professional Liability rates for Optometrists and Opticians for limits of \$1,000,000/\$1,000,000.

The table below provides the Differential Limits Factors used in calculating Professional Liability rates for other optional limits up to \$1,000,000/\$3,000,000. For Differential Limits Factors for limits above \$1,000,000/\$3,000,000, refer to company for the factor to be used.

Per Professional Incident (000) / Aggregate	
100 / 300	0.449
200 / 600	0.590
250 / 750	0.638
300 / 800	0.682
400 / 900	0.760
500 / 1,000	0.816
1,000 / 1,000	1.000
1,000 / 2,000	1.010
1,000 / 3,000	1.020

XIII. DEDUCTIBLE

The basic Allied Health Professional Liability policy has no deductible.

For firms or entities, the following deductible options may be selected, and the insured is responsible for the entire amount of each loss up to the selected deductible amount.

Deductible eroded by Indemnity	Factor
\$2,500	.975
\$ 5,000	.950
\$10,000	.925
\$15,000	.900
\$20,000	.875
\$25,000	.850
Over \$25,000	Refer to Company

Deductible eroded by Indemnity and Other Payments	Factor
\$2,500	0.968
\$ 5,000	0.935
\$10,000	0.903
\$15,000	0.870
\$20,000	0.838
\$25,000	0.805
Over \$25,000	Refer to Company

XIV. OPTIONAL COVERAGES

A. Additional Insured

An additional insured may be added to the policy for a charge of \$250, with the exception of certified members of the National Association of Alcoholism and Drug Abuse Counselors (NAADAC) as defined in Note 1 under Rate Table 1 of Section XVI of these rules. For certified members of NAADAC the additional insured charge is \$50. Such additional insureds may include clinics, hospitals, etc., to which the insured may be contracted.

Lessors may be added to the policy as an additional insured at no additional premium. (All other additional insureds must be referred to the Company for underwriting.)

Additional insureds as described in this section will be added on a shared limits basis.

B. General Liability

General Liability is available for an additional premium. The occurrence General Liability premium is calculated at 10% of the mature claims made professional liability premium at the same limit of liability. If the General Liability coverage is provided on a claims made basis then the premium must be calculated as the occurrence premium multiplied by the appropriate step factor. The premium for other limits will be rated on a refer to company basis. Entities (Organizations including Corporations, Partnership, Joint Venture, Trust or Limited Liability Company) are subject to a minimum charge of \$250.

If General Liability coverage is purchased, then Employee Benefits Liability coverage is available at no additional premium.

Insureds that purchase General Liability may obtain coverage for Certified Acts of Terrorism, as defined in the Terrorism Risk Insurance Act of 2002, for an additional premium charge of up to 5% of the otherwise applicable General Liability premium.

C. Non-Owned Automobile Liability

This coverage option is available for entities only. The premium is calculated by multiplying the applicable rate by the total number of employees. The rates for the available limits options (000) are shown in the table below, along with the minimum premiums applicable to this coverage option.

	\$250/\$250	\$500/\$500	\$1,000/\$1,000	\$1,000/\$3,000
Per Employee Charge	\$14	\$16	\$18	\$20
Minimum Premium	\$250	\$500	\$1,000	\$1,000

D. Claims Made Coverage

The following rating procedures apply to professional liability written on a claims made basis:

1. Determine the applicable occurrence premium.
2. Determine the retroactive date. If the date goes back 5 years or more, the Mature Claims-Made Factor from the Claims Made Step Factor table should be applied to the premium developed in 1. above.

Note: The retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgement.

3. If the allied health professional is just entering practice, has been continuously insured under an occurrence policy or if no prior acts coverage is being provided, select the year 1 claims made factor from the Claims Made Step Factor table and apply it to the occurrence premium determined in 1. above.
4. If the allied health professional has been insured under a claims made policy for one or more years immediately preceding the effective date of the policy to be issued, and prior acts coverage is being provided, the following procedure will apply:
 - a. Determine the number of years in which the allied health professional has been insured under a claims made policy;
 - b. The number determined in a. above will be the "prior years of exposure". Fractional years of 6 months or more will be rounded up to the next higher year; less than 6 months will be rounded down to the next lower year.
 - c. The selection from the Claims Made Step Factor table is made by adding one year to the "prior years of exposure" developed in a. and b. above. The additional year is to account for the new policy to be issued.
 - d. The applicable factor in the Claims Made Step Factor **table** is to be applied to the premium developed in 1. above.

TABLE OF CLAIMS-MADE STEP FACTORS

YEARS	STEP FACTORS
YEAR 1	.55
YEAR 2	.69
YEAR 3	.82
YEAR 4	.91
YEAR 5 OR MORE (Mature)	1.00

E. Extended Reporting Period Coverage

An extended reporting period may be provided for up to an unlimited basis, subject to the following:

1. Except as described in 6. below, the extended reporting period is available only if the policy is cancelled or nonrenewed by either the company or the insured.
2. The insured must notify us in writing of his or her election of the extended reporting period within 60 days of the effective date of termination of the policy.
3. Any earned premium due on the policy and the premium for the extended reporting period must be paid in full before the extended reporting period will be effective.
4. The entire premium for the extended reporting period will be deemed earned when the extended reporting period begins.

5. The premium for the extended reporting period will be developed by applying the appropriate factor from the table below to the mature claims made premium for Coverage A otherwise developed for the risk based on the rates and rules in effect for us at the time of purchase of the extended reporting period:

Claims-Made Year	Length of ERP (Years)				
	1	2	3	5	Unlimited
1	0.278	0.428	0.533	0.556	0.579
2	0.424	0.676	0.824	0.847	0.870
3	0.539	0.843	0.995	1.019	1.042
4+	0.602	0.915	1.071	1.095	1.119

6. The premium for the extended reporting period will be waived if the insured is an individual and:
- Dies or becomes totally and permanently disabled during the policy period; or
 - Retires, if at least age 55 and insured for professional liability by us for 5 or more continuous years.

If the insured returns to the practice of his or her professional services after retirement or after a period of total and permanent disability and after the issuance of the extended reporting period Endorsement and premium waiver, the extended endorsement will be cancelled unless the insured contacts us within 30 days to request an extended reporting period without waiver of premium and pays the appropriate extended reporting period premium developed from the rates, rules and rating plans in effect for us at the time of the insured's retirement or disability.

7. The extended reporting period does not increase or reinstate the limits of liability.

F. Leave of Absence

Subject to Company underwriting approval, coverage under an in-force policy may be suspended for a period of not less than 30 days, and not more than six months. This suspension may be made without premium adjustment. The expiration of the policy is extended by the same length of time that the policy was suspended. This feature can be used for a parental leave, medical leave, military call-up to active duty, or a sabbatical.

XV. PREMIUM CALCULATION RULES

A. Base Rates.

The premium for this policy is calculated on a "per professional" basis. The base rates will be applied in accordance with the allied health professional specialty as shown in Tables I and II of Section XVI. If two or more classifications apply to the same professional, the highest rated classification is to be used.

B. Base Rate Adjustments.

1. Part Time. A part-time base rate adjustment factor of .50 will apply to any individual allied health professional who is self-employed and works 16 hours or less per week.

C. Surcharges

Category	Surcharge
Supplemental Staffing	A surcharge of up to 25% will apply to entities or individuals engaged in supplemental staffing.
Registry	A registry surcharge of up to 25% will apply to entities or individuals that do registry services.
Background Check	A surcharge of up to 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of up to 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or Prisons.
High Tech / Critical Care	A surcharge of up to 25% will apply to entities or individuals engaged in high tech / critical care services, including Surgical, Pediatric, Infusion Therapy, and Tracheotomy/Ventilator Care.

The surcharges shown above are additive if more than one applies, subject to a maximum surcharge of 65%.

D. Full Time Equivalent (FTE).

For all types of risks other than individuals and students, calculate the number of applicable FTEs as follows:

In accordance with the professional rate classifications, sum the total annual hours worked for each classification. Divide each of these totals by classification by 2000 hours (one Full Time Equivalent) to establish the number of FTE slots to be charged for each classification. Fractions of FTE slots per applicable classification grouping will be rounded up to the next highest FTE.

E. Schedule Rating

The schedule rating credit or debit will be equal to the sum of the selected credits or debits given for each of the individual risk characteristics shown in the table below, subject to a maximum credit or debit of 25%.

Characteristic	Max Credit	Max Debit
Claims History	25%	25%
Risk Management	20%	20%
Nature of Operations	15%	15%

F. Territorial Multiplier

Apply the territorial multiplier shown in the state exception pages. Select the territorial multiplier associated with the territory in which the individual works.

G. Entity Rating Factor

An entity rating factor of up to 1.20 will apply to all entities (Organizations including Corporations, Partnership, Joint Venture, Trust or Limited Liability Company) in addition to any other rating factors that apply, subject to a minimum charge of \$1,000. This rating rule is applied after the application of the increased limits factor but before any other rating factors. This rating rule also applies to student blanket policies.

H. Internet Discount

A 5% credit shall be applied to policies marketed through electronic commerce distribution channels.

XVI. Rates

Table I

Professional Classification	Professional Rate	Student Rate
Addiction Counselor (NAADAC Program) (1)	169	21
Addiction Counselor (Non-NAADAC) (2)	368	21
Addiction Interventionist	490	N/A
Administrative/Clerical	110	37
All other Aide, Assistant, or Technician	264	88
Art, Music, Dance, Pet, and Recreation Therapist (2)	264	N/A
Audiologist	264	88
Auricular & Full Body Acupuncture Therapy and Counseling	736	243
Auricular Acupuncture Therapy and Counseling	368	122
Behavioral Analyst	368	21
Blood Bank Technician	264	88
Cardiology Technician	264	88
Case Workers and Case Manager (2)	368	122
Certified Employee Assistance Professional	283	21
Certified Tech./ Assistant	264	88
Companion	128	43
Cytotechnologist	264	88
Dental Assistant	111	37
Dental Hygienist	264	88
Dialysis Technician	264	88
Dietician/Nutritionist	264	88
EKG/EEG Technician	264	88
Health Educator (2)	264	88
Home Health Aide	170	57
Homemaker	128	43
Intern Mental Health/Addiction Counselor	264	NA
Lab Technician	264	88
Licensed or Certified Mental Health Counselor (2)	368	21
LPN	264	88
Marriage and Family Therapists/Counselor (2)	368	21
Massage Therapist	490	163
Medical Office Assistant	111	37
Medical Records Technician	264	88
Medical Technologist	264	88
MRI Technician	264	88
Nurse Aide	153	51
Nurse Practitioner	1063	354
Nurse/RN	298	99
Occupational Therapist	340	113
Paramedics/EMTs (Eligible for Students Only)	N/A	170
Pastoral Counselor	368	N/A
Pathology Assistant	264	88
Patient Intake Technician	111	N/A
Personal Coach	368	N/A
Pharmacist (Mail Order, Nuclear)	638	213
Pharmacist (Non-Mail Order – Non-Nuclear)	510	170

Professional Classification	Professional Rate	Student Rate
Pharmacy Assistant	170	57
Pharmacy Technician (Dispensing)	255	85
Phlebotomist	264	88
Physical Therapist	490	163
Physician's Assistant	N/A	567
Psychological Assistant (Masters Degree) (2)	490	N/A
Psychologist (Bachelors or Masters Degree) (2)	1063	N/A
Psychologist (Doctorate Degree)	1063	Post Doctoral 264
Radiological Technologist	264	88
Rehabilitation Counselor/Therapist	368	21
Rehabilitation Counselor/Therapist Assistant	264	N/A
Respiratory Assistant	264	88
Respiratory Therapist	510	170
Social Worker (2)	368	21
Speech Therapist (2)	340	113
Surgical Assistant	N/A	567
Surgical Technologist	264	88
Surgical Technologist/First Assistant	264	88
Ultrasound Technician	264	88
Utilization Review Technician (2)	368	N/A
Volunteer	111	N/A
Wellness Counselor (2)	368	21
X-Ray Machine Operator/Technician	264	88

Note 1. Certified Members of the National Association of Alcoholism and Drug Abuse Counselors (NAADAC) are to be written in conjunction with the Behavioral Health Purchasing Group with the rate shown in Table I for limits of \$ 1,000,000 Per Professional Incident / \$ 3,000,000 Aggregate. This rate contemplates coverage for individuals who have been NCAC certified as members of NAADAC. The only Optional Coverages under Section XIV offered for these members are the Entity Coverage Extension, the Additional Insured Endorsement and Claims Made Coverage.

Note 2. A credit of up to 50% applies to individuals who receive primary professional liability coverage from their employer.

Table II

Allied Health Professional Liability Rate Table – Optometrists/Opticians		
Basic Limits - \$1,000,000 / \$1,000,000		
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10-15-08.

Allied Health Experience

Exhibit 1

State = IL

Annual Loss Trend
Effective Date 3.0%
5/1/2008

Allied Health Claims Made

Report Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Loss Trend Factors	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	0	0	0	1.000	1.000	0	0	0	1.3376	0	2.316	0	#DIV/0!
1999	0	0	0	1.000	1.000	0	0	0	1.2987	0	2.316	0	#DIV/0!
2000	0	0	0	1.005	1.002	0	0	0	1.2607	0	2.316	0	#DIV/0!
2001	0	0	0	1.027	1.011	0	0	0	1.2240	0	2.315	0	#DIV/0!
2002	0	0	52,506	1.072	1.033	0	0	0	1.1884	0	2.096	110,063	0.0%
2003	0	0	390,864	1.171	1.149	0	0	0	1.1537	0	1.943	759,316	0.0%
2004	105,928	145,928	414,101	1.365	1.346	144,590	196,400	170,495	1.1201	190,964	1.787	739,932	25.8%
2005	650	650	382,627	1.599	1.556	1,039	1,012	1,025	1.0874	1,115	1.086	415,352	0.3%
2006	0	0	251,274	2.834	2.110	0	0	0	1.0558	0	1.000	251,274	0.0%
2007	0	0	189,919	21.300	10.653	0	0	0	1.0250	0	1.000	189,919	0.0%
Total	106,578	146,578	1,681,290			145,629	197,412	171,521		192,079		2,465,855	7.8%
2004-2006	106,578	146,578	1,048,001			145,629	197,412	171,521		192,079		1,406,557	13.7%
2003-2007	106,578	146,578	1,628,784			145,629	197,412	171,521		192,079		2,355,793	8.2%

Allied Health Occurrence

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Loss Trend Factors	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	157,210	157,210	92,163	1.012	1.016	159,073	159,658	159,366	1.3376	213,171	2.316	213,436	99.9%
1999	0	0	108,485	1.012	1.016	0	0	0	1.2987	0	2.316	251,236	0.0%
2000	14,504	14,504	114,397	1.023	1.055	14,833	15,300	15,067	1.2607	18,995	2.316	264,926	7.2%
2001	0	0	197,508	1.056	1.109	0	0	0	1.2240	0	2.315	457,305	0.0%
2002	0	0	225,038	1.163	1.186	0	0	0	1.1884	0	2.096	471,723	0.0%
2003	4,293	4,293	255,703	1.285	1.243	5,515	5,337	5,426	1.1537	6,260	1.943	496,744	1.3%
2004	6,244	6,244	166,787	1.793	1.628	11,196	10,165	10,680	1.1201	11,962	1.787	298,021	4.0%
2005	0	0	124,591	4.564	3.260	0	0	0	1.0874	0	1.086	135,247	0.0%
2006	0	0	119,278	29.884	14.471	0	0	0	1.0558	0	1.000	119,278	0.0%
2007	0	0	116,680	464.717	247.482	0	0	0	1.0250	0	1.000	116,680	0.0%
Total	182,251	182,251	1,520,630			190,617	190,460	190,539		250,388		2,824,596	8.9%
2004-2006	6,244	6,244	410,656			11,196	10,165	10,680		11,962		552,547	2.2%
2003-2007	10,537	10,537	783,039			16,711	15,502	16,106		18,223		1,165,970	1.6%

Allied Health Occurrence + Claims-Made

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio	Claims
1998	157,210	157,210	92,163			159,073	159,658	159,366	213,171		213,436	99.9%	
1999	0	0	108,485			0	0	0	0		251,236	0.0%	
2000	14,504	14,504	114,397			14,833	15,300	15,067	18,995		264,926	7.2%	
2001	0	0	197,508			0	0	0	0		457,305	0.0%	
2002	0	0	277,544			0	0	0	0		581,786	0.0%	
2003	4,293	4,293	646,566			5,515	5,337	5,426	6,260		1,256,060	0.5%	
2004	112,172	152,172	580,887			155,786	206,565	181,175	202,926		1,037,953	19.6%	
2005	650	650	507,217			1,039	1,012	1,025	1,115		550,599	0.2%	
2006	0	0	370,552			0	0	0	0		370,552	0.0%	
2007	0	0	306,599			0	0	0	0		306,599	0.0%	
Total	288,829	328,829	3,201,920			336,246	387,872	362,059	442,467		5,290,452	8.4%	19
2004-2006	112,822	152,822	1,458,657			156,825	207,577	182,201	204,041		1,959,104	10.4%	
2003-2007	117,116	157,116	2,411,822			162,340	212,914	187,627	210,301		3,521,763	6.0%	

Full Credibility Standard

6500

Credibility

a) Estimated Loss & ALAE Ratio	8.2%	
b) Permissible Loss & ALAE Ratio	71.0%	
c) Indicated Change	-88.4%	0.05
d) Trended Loss & ALAE Ratio	60.0%	
e) Permissible Loss & ALAE Ratio	71.0%	
f) Complement of Credibility Indication	-15.5%	0.95
Credibility Weighted Indication	-19.4%	

Allied Health
Countrywide Experience

Report Year	Annual Loss Trend Effective Date										3% 5/1/2008		Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
	Paid Loss	Incurred Loss	Earned Premium	Written Premium	Paid LDF	Inc LDF	Paid Loss x LDF	Inc Loss x LDF	Selected Ultimate Loss	Trended Ultimate Loss						
1998	0	0	12,907	14,980	1.000	1.000	0	0	0	0	0	0	0	2.084	26,892	0.0%
1999	0	0	17,953	23,873	1.000	1.000	0	0	0	0	0	0	0	2.084	37,407	0.0%
2000	0	0	77,261	104,011	1.005	1.002	0	0	0	0	0	0	0	2.084	160,981	0.0%
2001	2,549,307	4,049,307	550,441	814,578	1.027	1.011	2,618,525	4,094,753	3,356,639	4,108,565	2.083	1,146,543	358.3%	2.083	1,146,543	358.3%
2002	1,724,936	1,799,936	3,719,289	5,541,446	1.072	1.033	1,849,812	1,860,003	1,854,908	2,204,299	1.805	6,713,146	32.8%	1.805	6,713,146	32.8%
2003	1,368,546	1,399,046	7,926,495	9,569,561	1.171	1.149	1,603,119	1,608,182	1,605,650	1,852,516	1.624	12,872,629	14.4%	1.624	12,872,629	14.4%
2004	3,197,401	3,643,999	10,276,556	11,145,332	1.365	1.346	4,364,378	4,904,341	4,634,360	5,190,730	1.506	15,475,421	33.5%	1.506	15,475,421	33.5%
2005	3,367,682	3,543,186	12,382,586	12,570,067	1.599	1.556	5,383,684	5,514,833	5,449,259	5,925,689	1.050	13,003,732	45.6%	1.050	13,003,732	45.6%
2006	1,725,753	2,432,961	9,873,532	9,136,626	2.834	2.110	4,890,626	5,132,867	5,011,747	5,291,190	1.000	9,873,532	53.6%	1.000	9,873,532	53.6%
2007	277,694	603,073	8,537,028	7,590,602	21.300	10.653	5,914,927	6,424,719	6,169,823	6,324,114	1.000	8,537,028	74.1%	1.000	8,537,028	74.1%
Total	14,211,319	17,471,508	53,374,049	56,511,076			26,625,071	29,539,698	28,082,385	30,897,103					67,847,312	45.5%

Allied Health Occurrence

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Written Premium	Paid LDF	Inc LDF	Paid Loss x LDF	Inc Loss x LDF	Selected Ultimate Loss	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	22,495	22,495	115,918	130,260	1.012	1.016	22,762	22,846	22,804	30,503	2.084	241,527	12.6%
1999	503,350	503,350	293,869	532,257	1.012	1.016	509,317	511,190	510,254	662,646	2.084	612,302	108.2%
2000	691,325	691,325	1,283,025	1,680,654	1.023	1.055	707,001	729,288	718,145	905,388	2.084	2,673,300	33.9%
2001	3,600,308	3,626,308	2,871,741	4,363,570	1.056	1.109	3,802,748	4,020,573	3,911,660	4,787,917	2.083	5,981,700	80.0%
2002	4,950,901	5,366,401	5,697,203	5,669,150	1.163	1.186	5,756,620	6,363,404	6,060,012	7,201,480	1.805	10,283,191	70.0%
2003	1,764,117	1,814,119	4,024,955	3,198,154	1.285	1.243	2,266,022	2,255,095	2,260,558	2,608,115	1.624	6,536,527	39.9%
2004	148,905	202,734	3,244,361	3,402,389	1.793	1.628	266,991	330,027	298,509	334,346	1.506	4,885,669	6.8%
2005	946,210	1,118,213	3,259,821	3,300,724	4.564	3.260	4,318,576	3,645,263	3,981,920	4,330,060	1.050	3,423,343	126.5%
2006	86,637	258,092	4,086,127	4,100,382	29.894	14.471	2,589,036	3,734,730	3,161,883	3,338,182	1.000	4,086,127	81.7%
2007	9,293	9,953	3,948,696	3,850,664	464.717	247.482	4,318,570	2,463,165	3,390,867	3,475,664	1.000	3,948,696	88.0%
Total	12,723,541	13,612,990	28,825,715	30,228,203			24,557,643	24,075,581	24,316,612	27,674,302		42,672,381	64.9%

Accident Year	Incurred			Paid		Written Premium	Incurred LDF	Paid Loss		Incurred Loss x LDF	Ultimate		On-Level Factor	Current		Loss Ratio
	Paid Loss	Incurred Loss	Ultimate Loss	Incurred Loss	Ultimate Loss			Ultimate Loss	On-Level Factor		Current Rates	Current Ratio				
1998	22,495	22,495	128,825	145,239				22,762	22,846		22,804	30,503		268,419	11.4%	
1999	503,350	503,350	311,822	556,130				509,317	511,190		510,254	662,646		649,709	102.0%	
2000	691,325	691,325	1,360,286	1,794,665				707,001	715,288		718,145	905,388		2,834,281	31.9%	
2001	6,149,615	7,675,615	3,422,182	5,178,148				6,421,272	8,115,326		7,268,299	8,896,482		7,128,243	124.8%	
2002	6,675,836	7,166,336	9,416,492	11,210,596				7,606,432	8,223,407		7,914,919	9,405,779		16,996,338	55.3%	
2003	3,132,663	3,213,165	11,951,450	12,767,715				3,869,141	3,863,276		3,866,208	4,460,631		19,409,155	23.0%	
2004	3,346,306	3,846,733	13,520,917	15,477,720				4,631,369	5,234,369		4,932,869	5,525,076		20,361,089	27.1%	
2005	4,313,892	4,961,399	15,642,407	15,870,791				9,702,260	9,160,097		9,431,178	10,255,749		16,427,079	62.4%	
2006	1,812,390	2,691,053	13,959,660	13,237,008				7,479,662	8,867,597		8,173,630	8,629,372		13,959,660	61.8%	
2007	286,987	613,026	12,485,724	11,441,267				10,233,497	8,887,884		9,560,690	9,799,778		12,485,724	78.5%	
Total	26,934,860	31,084,498	82,199,764	86,739,279				51,182,714	53,615,280		52,398,997	58,571,405		110,519,692	53.0%	

60.0%

Calculation of Permissible Loss and ALAE Ratio

<u>Expenses</u>	<u>% of Premium</u>
Commissions	17.00%
Other Acquisition	2.00%
General Expenses	3.50%
Taxes, Licenses, Fees	1.50%
Unallocated LAE	4.80%
<u>Other Expense</u>	<u>0.00%</u>
Subtotal Expenses	28.80%
Profit & Contingencies	13.62%
<u>Offset for Investment Income</u>	<u>-13.40%</u>
Profit Net of Inv Income	0.22%
(1) Expense Ratio incl ULAE	29.02%
(2) Permissible Loss & ALAE Ratio	70.98%
1.0 - [(1)]	

On-Level Factor Calculation

<u>IL</u>	<u>Filing</u>	<u>Effective</u> <u>Date</u>	<u>Year</u>	<u>% of Year</u> <u>Elapsed</u>	<u>Filed</u> <u>Change</u>	<u>Year</u>	<u>Index</u>	<u>If change</u> <u>in year %</u> <u>of the way it</u> <u>change</u>	<u>% before</u> <u>prior year</u> <u>change</u>	<u>% between</u> <u>changes</u>	<u>% from</u> <u>change in</u> <u>year</u>	<u>Earned</u> <u>Index</u>	<u>On-Level</u> <u>Factor</u>
93-356						1995	1.000	1995	100.0%	0.0%	100.0%	--	
99-144		12/15/1999	1999	95.3%	0.0%	1996	1.000	1996	100.0%	50.0%	50.0%	--	
99-227		NA	--	--	NA	1997	1.000	1997	100.0%	50.0%	50.0%	1.000	2.316
01-190		12/15/2001	2001	95.3%	19.2%	1998	1.000	1998	100.0%	50.0%	50.0%	1.000	2.316
03-369		7/27/2004	2004	57.0%	94.3%	1999	1.000	1999	95.3%	50.0%	49.9%	1.000	2.316
						2000	1.000	2000	100.0%	45.5%	54.5%	1.000	2.316
						2001	1.192	2001	95.3%	50.0%	49.9%	1.000	2.315
						2002	1.192	2002	100.0%	45.5%	54.5%	1.105	2.096
						2003	1.192	2003	100.0%	50.0%	50.0%	1.192	1.943
						2004	2.316	2004	57.0%	50.0%	40.7%	1.296	1.787
						2005	2.316	2005	100.0%	16.2%	83.8%	2.133	1.086
						2006	2.316	2006	100.0%	50.0%	50.0%	2.316	1.000
						2007	2.316	2007	100.0%	50.0%	50.0%	2.316	1.000
						2008	2.316	2008	100.0%	50.0%	50.0%	2.316	1.000

Allied Health Incurred Loss Development

Claims Made Policies

Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	0	0	0	0	0	0	0	0	0
1999		0	0	0	0	0	0	0	0	0	
2000		0	0	0	0	0	0	0	0		
2001		438,664	1,881,821	2,623,801	2,257,093	2,473,294	4,074,161	4,049,307			
2002		161,190	617,132	673,174	736,714	1,777,332	1,799,936				
2003		58,653	999,385	1,491,925	1,595,674	1,399,046					
2004		398,442	3,016,568	3,261,490	3,643,999						
2005		1,259,498	3,424,733	3,543,186							
2006		714,421	2,432,961								
2007		603,073									
Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998											
1999											
2000											
2001		4.290	1.394	0.860	1.096	1.647	0.994				
2002		3.829	1.091	1.094	2.413	1.013					
2003		17.039	1.493	1.070	0.877						
2004		7.571	1.081	1.117							
2005		2.719	1.035								
2006		3.405									
All Year		6.476	1.219	1.035	1.462	1.330	0.994				
3 Year		4.565	1.203	1.094	1.462						
Ex Hi/Lo		4.774	1.189	1.082	1.096						
Median		4.059	1.091	1.082	1.096	1.330	0.994				
Tri Sel		4.968	1.175	1.073	1.279	1.330	0.994				
Prof Study		5.131	1.536	1.240	1.125	1.058	1.025	1.009	1.002	1.000	
Wt to Tri		50%	50%	50%	30%	20%	10%	0%	0%	0%	
Select		5.050	1.355	1.156	1.171	1.112	1.022	1.009	1.002	1.000	
Age-Ult		10.653	2.110	1.556	1.346	1.149	1.033	1.011	1.002	1.000	

Allied Health Incurred Loss Development

		<u>Occurrence Policies</u>									
Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998	0	10,111	10,430	18,753	23,828	24,402	22,746	22,495	22,495	22,495	22,495
1999	0	33,288	43,424	68,963	88,859	151,565	502,794	503,350	503,350		
2000	0	14,764	258,191	1,469,302	630,061	596,800	669,858	691,325			
2001	5,639	272,251	693,712	2,399,105	5,082,911	3,660,746	3,626,308				
2002	14,072	925,648	2,087,975	4,142,367	4,893,681	5,366,401					
2003	23,285	839,024	1,711,327	1,695,998	1,814,119						
2004	22,627	100,570	126,850	202,734							
2005	3,754	60,701	1,118,213								
2006	12,886	258,092									
2007	9,953										
Age to Age		12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
1998			1.032	1.798	1.271	1.024	0.932	0.989	1.000	1.000	
1999			1.304	1.588	1.289	1.706	3.317	1.001	1.000		
2000			17.487	5.691	0.429	0.947	1.122	1.032			
2001	48.279		2.548	3.458	2.119	0.720	0.991				
2002	65.782		2.256	1.984	1.181	1.097					
2003	36.034		2.040	0.991	1.070						
2004	4.445		1.261	1.598							
2005	16.170		18.422								
2006	20.029										
All Year	31.790		5.794	2.444	1.226	1.099	1.591	1.007	1.000	1.000	
3 Year	13.548		7.241	1.524	1.457	0.921	1.810	1.007			
Ex Hi/Lo	30.128		4.483	2.085	1.203	1.023	1.057	1.001			
Median	28.031		2.148	1.798	1.226	1.024	1.057	1.001	1.000	1.000	
Tri Sel	25.874		4.916	1.963	1.278	1.017	1.378	1.004	1.000	1.000	
Prof Study	8.331		3.962	2.042	1.323	1.056	1.035	1.056	1.043	1.016	
Wt to Tri	50%		50%	50%	30%	20%	10%	10%	10%	0%	
Select	17.102		4.439	2.003	1.310	1.048	1.070	1.051	1.039	1.016	
Age-Ult	247.482		14.471	3.260	1.628	1.243	1.186	1.109	1.055	1.016	

Allied Health Paid Loss Development

Claims Made Policies

Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	0	0	0	0	0	0	0	0	0
1999		0	0	0	0	0	0	0	0	0	
2000		0	0	0	0	0	0	0	0		
2001	73,164	531,659	1,543,139	2,056,580	2,097,782	2,471,149	2,549,307				
2002	42,470	272,120	574,874	611,214	1,702,332	1,724,936					
2003	33,643	922,975	1,259,665	1,510,163	1,368,546						
2004	222,807	2,172,968	3,044,142	3,197,401							
2005	348,034	2,921,628	3,367,682								
2006	212,639	1,725,753									
2007	277,694										
Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998											
1999											
2000											
2001	7.267	2.902	1.333	1.020	1.178	1.032					
2002	6.407	2.113	1.063	2.785	1.013						
2003	27.435	1.365	1.199	0.906							
2004	9.753	1.401	1.050								
2005	8.395	1.153									
2006	8.116										
All Year	11.229	1.787	1.161	1.570	1.096	1.032					
3 Year	8.754	1.306	1.104	1.570							
Ex Hi/Lo	8.382	1.626	1.131	1.020							
Median	8.255	1.401	1.131	1.020	1.096	1.032					
Tri Sel	9.155	1.530	1.132	1.295	1.096	1.032					
Prof Study	5.877	2.015	1.210	1.110	1.091	1.045	1.022	1.005	1.000		
Wt to Tri	50%	50%	50%	30%	20%	10%	0%	0%	0%		
Select	7.516	1.773	1.171	1.165	1.092	1.044	1.022	1.005	1.000		
Age-Ult	21.300	2.834	1.599	1.365	1.171	1.072	1.027	1.005	1.000		

Allied Health Paid Loss Development

Report Year	Age	Occurrence Policies									
		12	24	36	48	60	72	84	96	108	120
1998	0	10,111	10,430	18,753	21,922	22,495	22,495	22,495	22,495	22,495	22,495
1999	0	8,288	18,424	43,963	63,859	151,465	502,794	503,350	503,350	503,350	
2000	0	14,764	178,043	1,437,805	543,611	546,550	669,158	691,325			
2001	5,039	105,580	504,352	2,110,655	3,421,409	3,563,744	3,600,308				
2002	3,622	146,533	1,807,232	3,299,413	4,513,179	4,950,901					
2003	10,375	169,374	1,130,527	1,693,998	1,764,117						
2004	7,013	29,693	69,671	148,905							
2005	0	40,948	946,210								
2006	12,432	86,637									
2007	9,293										
Age to Age		12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
1998			1.032	1.798	1.169	1.026	1.000	1.000	1.000	1.000	
1999			2.223	2.386	1.453	2.372	3.320	1.001	1.000		
2000			12.059	8.076	0.378	1.005	1.224	1.033			
2001	20.952		4.777	4.185	1.621	1.042	1.010				
2002	40.462		12.333	1.826	1.368	1.097					
2003	16.326		6.675	1.498	1.041						
2004	4.234		2.346	2.137							
2005			23.108								
2006	6.969										
All Year	17.789		8.069	3.129	1.172	1.308	1.639	1.011	1.000	1.000	
3 Year	5.601		10.710	1.820	1.343	1.048	1.851	1.011			
Ex Hi/Lo	14.749		6.736	2.466	1.258	1.055	1.117	1.001			
Median	16.326		5.726	2.137	1.268	1.042	1.117	1.001	1.000	1.000	
Tri Sel	13.616		7.810	2.388	1.260	1.113	1.431	1.006	1.000	1.000	
Prof Study	17.486		5.285	2.703	1.454	1.103	1.064	1.036	1.012	1.012	
Wt to Tri	50%		50%	50%	30%	20%	10%	10%	10%	0%	
Select	15.551		6.548	2.545	1.396	1.105	1.101	1.033	1.011	1.012	
Age-Ult	464.717		29.884	4.564	1.793	1.285	1.163	1.056	1.023	1.012	

actuarial pages

received on

9-26-08.

Allied Health Experience

Exhibit 1

State = IL

Annual Loss Trend
Effective Date 3.0%
5/1/2008

Allied Health Claims Made

Report Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Loss Trend Factors	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	0	0	0	1.000	1.000	0	0	0	1.3376	0	2.316	0	#DIV/0!
1999	0	0	0	1.000	1.000	0	0	0	1.2987	0	2.316	0	#DIV/0!
2000	0	0	0	1.005	1.002	0	0	0	1.2607	0	2.316	0	#DIV/0!
2001	0	0	0	1.027	1.011	0	0	0	1.2240	0	2.315	0	#DIV/0!
2002	0	0	52,506	1.072	1.033	0	0	0	1.1884	0	2.096	110,063	0.0%
2003	0	0	390,864	1.171	1.149	0	0	0	1.1537	0	1.943	759,316	0.0%
2004	105,928	145,928	414,101	1.365	1.346	144,590	196,400	170,495	1.1201	190,964	1.787	739,932	25.8%
2005	650	650	382,627	1.599	1.556	1,039	1,012	1,025	1.0874	1,115	1.086	415,352	0.3%
2006	0	0	251,274	2.834	2.110	0	0	0	1.0558	0	1.000	251,274	0.0%
2007	0	0	189,919	21.300	10.653	0	0	0	1.0250	0	1.000	189,919	0.0%
Total	106,578	146,578	1,681,290			145,629	197,412	171,521		192,079		2,465,855	7.8%
2004-2006	106,578	146,578	1,048,001			145,629	197,412	171,521		192,079		1,406,557	13.7%
2003-2007	106,578	146,578	1,628,784			145,629	197,412	171,521		192,079		2,355,793	8.2%

Allied Health Occurrence

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Loss Trend Factors	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio
1998	157,210	157,210	92,163	1.012	1.016	159,073	159,658	159,366	1.3376	213,171	2.316	213,436	99.9%
1999	0	0	108,485	1.012	1.016	0	0	0	1.2987	0	2.316	251,236	0.0%
2000	14,504	14,504	114,397	1.023	1.055	14,833	15,300	15,067	1.2607	18,995	2.316	264,926	7.2%
2001	0	0	197,508	1.056	1.109	0	0	0	1.2240	0	2.315	457,305	0.0%
2002	0	0	225,038	1.163	1.186	0	0	0	1.1884	0	2.096	471,723	0.0%
2003	4,293	4,293	255,703	1.285	1.243	5,515	5,337	5,426	1.1537	6,260	1.943	496,744	1.3%
2004	6,244	6,244	166,787	1.793	1.628	11,196	10,165	10,680	1.1201	11,962	1.787	298,021	4.0%
2005	0	0	124,591	4.564	3.260	0	0	0	1.0874	0	1.086	135,247	0.0%
2006	0	0	119,278	29.884	14.471	0	0	0	1.0558	0	1.000	119,278	0.0%
2007	0	0	116,680	464.717	247.482	0	0	0	1.0250	0	1.000	116,680	0.0%
Total	182,251	182,251	1,520,630			190,617	190,460	190,539		250,388		2,824,596	8.9%
2004-2006	6,244	6,244	410,656			11,196	10,165	10,680		11,962		552,547	2.2%
2003-2007	10,537	10,537	783,039			16,711	15,502	16,106		18,223		1,165,970	1.6%

Allied Health Occurrence + Claims-Made

Accident Year	Paid Loss	Incurred Loss	Earned Premium	Paid LDF	Inc'd LDF	Paid Loss x LDF	Inc'd Loss x LDF	Selected Ultimate Loss	Trended Ultimate Loss	On-Level Factor	Premium at Curr Rates	Loss Ratio	Claims
1998	157,210	157,210	92,163			159,073	159,658	159,366	213,171		213,436	99.9%	
1999	0	0	108,485			0	0	0	0		251,236	0.0%	
2000	14,504	14,504	114,397			14,833	15,300	15,067	18,995		264,926	7.2%	
2001	0	0	197,508			0	0	0	0		457,305	0.0%	
2002	0	0	277,544			0	0	0	0		581,786	0.0%	
2003	4,293	4,293	646,566			5,515	5,337	5,426	6,260		1,256,060	0.5%	
2004	112,172	152,172	580,887			155,786	206,565	181,175	202,926		1,037,953	19.6%	
2005	650	650	507,217			1,039	1,012	1,025	1,115		550,599	0.2%	
2006	0	0	370,552			0	0	0	0		370,552	0.0%	
2007	0	0	306,599			0	0	0	0		306,599	0.0%	
Total	288,829	328,829	3,201,920			336,246	387,872	362,059	442,467		5,290,452	8.4%	19
2004-2006	112,822	152,822	1,458,657			156,825	207,577	182,201	204,041		1,959,104	10.4%	
2003-2007	117,116	157,116	2,411,822			162,340	212,914	187,627	210,301		3,521,763	6.0%	

Full Credibility Standard 6500
Credibility

Estimated Loss & ALAE Ratio 8.2%
Permissible Loss & ALAE Ratio 71.0%
Indicated Change -88.4% 0.05

d) Trended Loss & ALAE Ratio 79.3%
e) Permissible Loss & Alae Ratio 71.0%
f) Complement of Credibility Indication 11.8% 0.95

Credibility Weighted Indication 6.4%

Calculation of Permissible Loss and ALAE Ratio

	<u>Expenses</u>	<u>% of Premium</u>
	Commissions	17.00%
	Other Acquisition	2.00%
	General Expenses	3.50%
	Taxes, Licenses, Fees	1.50%
	Unallocated LAE	4.80%
	<u>Other Expense</u>	<u>0.00%</u>
	Subtotal Expenses	28.80%
	Profit & Contingencies	13.62%
	<u>Offset for Investment Income</u>	<u>-13.40%</u>
	Profit Net of Inv Income	0.22%
(1)	Expense Ratio incl ULAE	29.02%
(2)	Permissible Loss & ALAE Ratio	70.98%
	1.0 - [(1)]	

Calculation of Trended Permissible Loss and ALAE Ratio

	Annual Prem Trend Rate (Exhibit 4)	0.0%
	<u>Annual Loss Trend Rate (Exhibit 8)</u>	<u>3.0%</u>
(3)	Annual Net Trend Rate	3.0%
	Effective date of current rates	7/27/2004
	Effective date of proposed rates	5/1/2008
(4)	Number of Years	3.8
(5)	<u>Trended</u> Permissible Loss & ALAE Ratio*	79.3%
	$[(2) \times ((3) ^ (4))]$	

* for Complement of Credibility

On-Level Factor Calculation

<u>IL</u>	<u>Filing</u>	<u>Effective</u> <u>Date</u>	<u>Year</u>	<u>% of Year</u> <u>Elapsed</u>	<u>Filed</u> <u>Change</u>	<u>Year</u>	<u>Index</u>	<u>If change</u> <u>in year %</u> <u>of the way it</u> <u>change</u>	<u>% before</u> <u>prior year</u> <u>change</u>	<u>% between</u> <u>changes</u>	<u>% from</u> <u>change in</u> <u>year</u>	<u>Earned</u> <u>Index</u>	<u>On-Level</u> <u>Factor</u>
93-356						1995	1.000	100.0%	0.0%	100.0%	0.0%	--	
99-144		12/15/1999	1999	95.3%	0.0%	1996	1.000	100.0%	50.0%	50.0%	0.0%	--	
99-227		NA	--	--	NA	1997	1.000	100.0%	50.0%	50.0%	0.0%	1.000	2.316
01-190		12/15/2001	2001	95.3%	19.2%	1998	1.000	100.0%	50.0%	50.0%	0.0%	1.000	2.316
03-369		7/27/2004	2004	57.0%	94.3%	1999	1.000	95.3%	50.0%	49.9%	0.1%	1.000	2.316
						2000	1.000	100.0%	45.5%	54.5%	0.0%	1.000	2.316
						2001	1.192	95.3%	50.0%	49.9%	0.1%	1.000	2.315
						2002	1.192	100.0%	45.5%	54.5%	0.0%	1.105	2.096
						2003	1.192	100.0%	50.0%	50.0%	0.0%	1.192	1.943
						2004	2.316	57.0%	50.0%	40.7%	9.3%	1.296	1.787
						2005	2.316	100.0%	16.2%	83.8%	0.0%	2.133	1.086
						2006	2.316	100.0%	50.0%	50.0%	0.0%	2.316	1.000
						2007	2.316	100.0%	50.0%	50.0%	0.0%	2.316	1.000
						2008	2.316	100.0%	50.0%	50.0%	0.0%	2.316	1.000

Allied Health Incurred Loss Development

Claims Made Policies

Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	0	0	0	0	0	0	0	0	0
1999		0	0	0	0	0	0	0	0	0	0
2000		0	0	0	0	0	0	0	0	0	0
2001	438,664	1,881,821	2,623,801	2,257,093	2,473,294	4,074,161	4,049,307				
2002	161,190	617,132	673,174	736,714	1,777,332	1,799,936					
2003	58,653	999,385	1,491,925	1,595,674	1,399,046						
2004	398,442	3,016,568	3,261,490	3,643,999							
2005	1,259,498	3,424,733	3,543,186								
2006	714,421	2,432,961									
2007	603,073										
Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998											
1999											
2000											
2001	4.290	1.394	0.860	1.096	1.647	0.994					
2002	3.829	1.091	1.094	2.413	1.013						
2003	17.039	1.493	1.070	0.877							
2004	7.571	1.081	1.117								
2005	2.719	1.035									
2006	3.405										
All Year	6.476	1.219	1.035	1.462	1.330	0.994					
3 Year	4.565	1.203	1.094	1.462							
Ex Hi/Lo	4.774	1.189	1.082	1.096							
Median	4.059	1.091	1.082	1.096	1.330	0.994					
Tri Sel	4.968	1.175	1.073	1.279	1.330	0.994					
Prof Study	5.131	1.536	1.240	1.125	1.058	1.025	1.009	1.002	1.000		
Wt to Tri	50%	50%	50%	30%	20%	10%	0%	0%	0%		
Select	5.050	1.355	1.156	1.171	1.112	1.022	1.009	1.002	1.000		
Age-Ult	10.653	2.110	1.556	1.346	1.149	1.033	1.011	1.002	1.000		

Allied Health Incurred Loss Development

		Occurrence Policies									
Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	10,111	10,430	18,753	23,828	24,402	22,746	22,495	22,495	22,495
1999		0	33,288	43,424	68,963	88,859	151,565	502,794	503,350	503,350	
2000		0	14,764	258,191	1,469,302	630,061	596,800	669,858	691,325		
2001	5,639	272,251	693,712	2,399,105	5,082,911	3,660,746	3,626,308				
2002	14,072	925,648	2,087,975	4,142,367	4,893,681	5,366,401					
2003	23,285	839,024	1,711,327	1,695,998	1,814,119						
2004	22,627	100,570	126,850	202,734							
2005	3,754	60,701	1,118,213								
2006	12,886	258,092									
2007	9,953										
Age to Age 12-24		24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998		1.032	1.798	1.271	1.024	0.932	0.989	1.000	1.000		
1999		1.304	1.588	1.289	1.706	3.317	1.001	1.000			
2000		17.487	5.691	0.429	0.947	1.122	1.032				
2001	48.279	2.548	3.458	2.119	0.720	0.991					
2002	65.782	2.256	1.984	1.181	1.097						
2003	36.034	2.040	0.991	1.070							
2004	4.445	1.261	1.598								
2005	16.170	18.422									
2006	20.029										
All Year	31.790	5.794	2.444	1.226	1.099	1.591	1.007	1.000	1.000		
3 Year	13.548	7.241	1.524	1.457	0.921	1.810	1.007				
Ex Hi/Lo	30.128	4.483	2.085	1.203	1.023	1.057	1.001				
Median	28.031	2.148	1.798	1.226	1.024	1.057	1.001	1.000	1.000		
Tri Sel	25.874	4.916	1.963	1.278	1.017	1.378	1.004	1.000	1.000		
Prof Study	8.331	3.962	2.042	1.323	1.056	1.035	1.056	1.043	1.016		
Wt to Tri	50%	50%	50%	30%	20%	10%	10%	10%	0%		
Select	17.102	4.439	2.003	1.310	1.048	1.070	1.051	1.039	1.016		
Age-Ult	247.482	14.471	3.260	1.628	1.243	1.186	1.109	1.055	1.016		

Allied Health Paid Loss Development

Claims Made Policies

Report Year	Age	12	24	36	48	60	72	84	96	108	120
1998		0	0	0	0	0	0	0	0	0	0
1999		0	0	0	0	0	0	0	0	0	
2000		0	0	0	0	0	0	0	0		
2001	73,164	531,659	1,543,139	2,056,580	2,097,782	2,471,149	2,549,307				
2002	42,470	272,120	574,874	611,214	1,702,332	1,724,936					
2003	33,643	922,975	1,259,665	1,510,163	1,368,546						
2004	222,807	2,172,968	3,044,142	3,197,401							
2005	348,034	2,921,628	3,367,682								
2006	212,639	1,725,753									
2007	277,694										
Age to Age	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120		
1998											
1999											
2000											
2001	7.267	2.902	1.333	1.020	1.178	1.032					
2002	6.407	2.113	1.063	2.785	1.013						
2003	27.435	1.365	1.199	0.906							
2004	9.753	1.401	1.050								
2005	8.395	1.153									
2006	8.116										
All Year	11.229	1.787	1.161	1.570	1.096	1.032					
3 Year	8.754	1.306	1.104	1.570							
Ex Hi/Lo	8.382	1.626	1.131	1.020							
Median	8.255	1.401	1.131	1.020	1.096	1.032					
Tri Sel	9.155	1.530	1.132	1.295	1.096	1.032					
Prof Study	5.877	2.015	1.210	1.110	1.091	1.045	1.022	1.005	1.000		
Wt to Tri	50%	50%	50%	30%	20%	10%	0%	0%	0%		
Select	7.516	1.773	1.171	1.165	1.092	1.044	1.022	1.005	1.000		
Age-Ult	21.300	2.834	1.599	1.365	1.171	1.072	1.027	1.005	1.000		

Allied Health Paid Loss Development

Report Year	Age	Occurrence Policies								
		12	24	36	48	60	72	84	96	108 120
1998	0	10,111	10,430	18,753	21,922	22,495	22,495	22,495	22,495	22,495
1999	0	8,288	18,424	43,963	63,859	151,465	502,794	503,350	503,350	
2000	0	14,764	178,043	1,437,805	543,611	546,550	669,158	691,325		
2001	5,039	105,580	504,352	2,110,655	3,421,409	3,563,744	3,600,308			
2002	3,622	146,533	1,807,232	3,299,413	4,513,179	4,950,901				
2003	10,375	169,374	1,130,527	1,693,998	1,764,117					
2004	7,013	29,693	69,671	148,905						
2005	0	40,948	946,210							
2006	12,432	86,637								
2007	9,293									
Age to Age		12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120
1998			1.032	1.798	1.169	1.026	1.000	1.000	1.000	1.000
1999			2.223	2.386	1.453	2.372	3.320	1.001	1.000	
2000			12.059	8.076	0.378	1.005	1.224	1.033		
2001	20.952		4.777	4.185	1.621	1.042	1.010			
2002	40.462		12.333	1.826	1.368	1.097				
2003	16.326		6.675	1.498	1.041					
2004	4.234		2.346	2.137						
2005			23.108							
2006	6.969									
All Year		17.789	8.069	3.129	1.172	1.308	1.639	1.011	1.000	1.000
3 Year		5.601	10.710	1.820	1.343	1.048	1.851	1.011		
Ex Hi/Lo		14.749	6.736	2.466	1.258	1.055	1.117	1.001		
Median		16.326	5.726	2.137	1.268	1.042	1.117	1.001	1.000	1.000
Tri Sel		13.616	7.810	2.388	1.260	1.113	1.431	1.006	1.000	1.000
Prof Study		17.486	5.285	2.703	1.454	1.103	1.064	1.036	1.012	1.012
Wt to Tri	50%	50%	50%	30%	20%	10%	10%	10%	10%	0%
Select	15.551	6.548	2.545	1.396	1.105	1.101	1.033	1.011	1.012	
Age-Ult	464.717	29.884	4.564	1.793	1.285	1.163	1.056	1.023	1.012	

ACE
EXPLANATORY NOTES
FOR RETURN ON EQUITY CALCULATION

Line P.

	Return on
<u>Year</u>	<u>Equity</u>
1996	13.0%
1997	13.0%
1998	9.6%
1999	6.6%
2000	6.3%
2001	-2.2%
2002	3.1%
2003	9.7%
2004	10.7%
2005	11.6%
Average	8.2%
Selected	8.2%

Note: The source for the historical industry Returns on Equity is
Net Income / Average Policyholder Surplus from:

1995 - 2000	Standard & Poor's Industry Surveys
2001 - 2005	Best's Aggregates and Averages - QAR

Allied Health
Development of Expense Provisions and Permissible Loss Ratio
ACE Consolidated

Direct IEE Data in (000) - ACE Consolidated					
	<u>2005</u>	<u>2006</u>	<u>2007*</u>	<u>Total</u>	
(1) Written Premium	126,231	135,231	122,563	384,025	
(2) Earned Premium	104,566	129,284	130,905	364,755	
(3) Commission & Brokerage Fees	16,223	16,736	16,372	49,331	
(4) Other Acquisition Expense	2,134	2,704	2,239	7,077	
(5) General Expense	4,321	4,606	3,885	12,812	
(6) Taxes, Licenses, and Fees	1,695	2,992	915	5,602	
(7) Unallocated LAE	3,267	6,151	1,634	11,052	
(8) Allocated LAE	27,474	35,285	31,018	93,777	
(3)/(1) Commission & Brokerage Fees	12.9%	12.4%	13.4%	<u>Average</u> 12.8%	<u>Selected</u> 17.0%
(4)/(2) <u>Other Acquisition Expense</u>	2.0%	2.1%	1.7%	1.9%	<u>2.0%</u>
Total Production Expense					19.0%
(5)/(2) General Expense	4.1%	3.6%	3.0%	3.5%	3.5%
(6)/(1) Taxes, Licenses, and Fees	1.3%	2.2%	0.7%	1.5%	1.5%
(7)/(2) Unallocated LAE	3.1%	4.8%	1.2%	3.0%	N/A
(8)/(2) Allocated LAE	26.3%	27.3%	23.7%	25.7%	N/A
Expense Provision					24.00%
Pre Tax Profit Provision - Target					13.6%
<u>Investment Income Recognition</u>					<u>-13.4%</u>
Pre Tax Profit Provision - Net of Inv Inc					0.2%
Permissible Loss and LAE Ratio					75.8%

*preliminary

ACE
Allied Health
Estimated Investment Earnings

A. Unearned Premium Reserve			
A1.	Direct Earned Premium (for this line, from the IEE)	CY = 2006	129,284,000
A2.	Mean Unearned Premium Reserve	(Sheet 2)	60,204,500
A3.	Deduction for Prepaid Expenses	(Exhibit 1 Sheet 1)	
	a.) Commission and Brokerage Expense		17.0%
	b.) 50% of Other Acquisition Expense		1.0%
	c.) 50% of General Expense		1.8%
	d.) Taxes, Licenses, and Fees		1.5%
	e.) Profit and Contingencies		13.6%
	f.) Total Prepaid Expense		34.9%
A4.	Deduction for Federal Income Tax Payable	(Exhibit 2 Sheet 2)	7.0%
A5.	Net Subject to Investment	[A2 x (1.0 - A3f - A4)]	34,996,928
B. Delayed Remission of Premium (Agent's Balances)			
B1.	Direct Earned Premium (for this line, from the IEE)		129,284,000
B2.	Ratio, Agents Uncoll Prem Balances to Dir Earned Prem	(Exhibit 2 Sheet 2)	24.0%
B3.	Delayed Remission	[B1 x B2]	31,022,131
C. Loss Reserve			
C1.	Direct Earned Premium (for this line, from the IEE)		129,284,000
C2.	Expected Loss and LAE Incurred	[C1 x ELR on Exhibit 2 Sheet 3]	80,647,472
C3.	Expected Mean Loss Reserve	[C2 x After Tax Reserve Ratio on Exhibit 2 Sheet 3]	200,501,942
D.	Reserve Funds Subject to Investment	[A5 - B3 + C3]	204,476,739
E.	Average Rate of Return on Investments - After FIT	(Sheet 5)	3.3%
F.	Investment Earnings on Reserve Funds - After FIT	[D x E]	6,675,087
G.	Investment Earnings on Reserve Funds as a % of Premium - After FIT	[F / A1]	5.16%
H.	Investment Earnings on Reserve Funds as a % of Premium - Before FIT	[G / .65]	7.94%
I.	P/S - Premium to Surplus Ratio	(Sheet 6)	1.022
J.	E/S - Equity to Surplus Ratio	(Sheet 6)	1.110
K.	Surplus Funds Subject to Investment	[A1 / I]	126,480,545
L.	Equity Funds Subject to Investment	[K x J]	140,389,762
M.	Investment Earnings on Equity Funds - After FIT	[L x E]	4,582,985
N.	Investment Earnings on Equity Funds as % of Premium - After FIT	[M / A1]	3.5%
O.	Investment Earnings on Equity Funds as % of Premium - Before FIT	[N / .65]	5.5%
P.	Target Total Return as % of Equity - After FIT	(Sheet 7)	8.2%
Q.	Target Total Return as % of Premium - After FIT	[P x J / I]	8.9%
R.	Target Total Return as % of Premium - Before FIT	[Q / .65]	13.6%
S.	Target UW Profit as % Premium - Net of all II - After FIT	[Q - G - N]	0.1%
T.	Target UW Profit as % Premium - Net of all II - Before FIT	[S / .65]	0.2%

ACE
Allied Health
Explanatory Notes
Estimated Investment Earnings On Unearned
Premium Reserves And Loss Reserves

Line A2

The mean unearned premium reserve is determined by multiplying the direct earned premium in line A1 by the ratio of the mean unearned premium reserve to the direct earned premium for the above

			IEE Amount <u>For the Above Line</u>
1)	Direct Earned Premium	CY = 2006	129,284,000
2)	Direct Unearned Premium Reserve	as of 12 / 31 / 2006	63,178,000
3)	Direct Unearned Premium Reserve	as of 12 / 31 / 2005	57,231,000
4)	Mean Unearned Premium Reserve:	$.5 \times [(2) + (3)]$	60,204,500

Line A4

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. The effective tax rate on UPR is calculated as follows:

Corporate Tax Rate	35.0%
Portion of Unearned Premium Taxable under TRA 1986	20.0%
Effective Tax Rate on Unearned Premium Reserve	7.0%

Line B2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. The ratio of agents' uncollected premium balances to net earned premium is calculated as follows:

			ACE Consolidated <u>Ann Statement Amt</u>
1	Net Earned Premium - Total All Lines	CY = 2006	4,556,582,473
2	Net Agent's Balances (Net Admitted)	as of 12 / 31 / 2006	1,207,124,679
3	Net Agent's Balances (Net Admitted)	as of 12 / 31 / 2005	979,609,943
4	Ratio: $[(2) + (3)] / [2.0 \times (1)]$		0.240

**ACE
Allied Health**

**Explanatory Notes
Estimated Investment Earnings On Unearned
Premium Reserves And Loss Reserves**

Line C2

The expected loss and loss adjustment expense incurred is determined by multiplying the direct earned premium by the expected loss and loss adjustment expense ratio determined below.

1 General Expenses	(Exhibit 1 Sheet 1)	3.50%
2 Commission and Brokerage Expenses		17.00%
3 Other Acquisition Expenses		2.00%
4 Taxes, Licenses, & Fees		1.50%
5 <u>Profit & Contingencies</u>		<u>13.62%</u>
6 Total Expense Ratio:		37.62%
7 Expected Loss and LAE Ratio: $1.00 - (6)$		62.38%
8 Direct Earned Premium	Cal Yr 2006	129,284,000
9 Expected Loss and LAE Incurred $(7) \times (8)$	Cal Yr 2006	80,647,472

Line C3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line C2 by the IEE ratio of the mean loss and loss adjustment expense reserves to the loss and loss adjustment expense incurred in the last 2 calendar years for the above named line of business. This ratio, which includes an adjustment for the estimated Federal Income Tax payable due to discounting of loss reserves, as required by the Tax Reform Act of 1986, is based on the following:

		<u>IEE Amount for the Above Line</u>
1 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2007	117,829,000
2 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2006	91,638,000
3 Direct Loss and Loss Adjustment Expense Reserves	Year End 2007	337,675,000
4 Direct Loss and Loss Adjustment Expense Reserves	Year End 2006	261,724,000
5 Direct Loss and Loss Adjustment Expense Reserves	Year End 2005	221,951,000
6 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2007	299,699,500
7 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2006	241,837,500
8 Pre Tax Reserve Ratio: $(6) / (1)$		2.544
9 Pre Tax Reserve Ratio: $(7) / (2)$		2.639
10 Mean Pre Tax Reserve Ratio: $0.5 \times [(8) + (9)]$		2.591
11 Estimated Reserve Discount - Sheet 4		0.116
12 Federal Taxes (ratio to reserves): $(11) \times 0.35$		0.041
13 After Tax Reserve Ratio $(10) \times [1.0 - (12)]$		2.486

ACE Consolidated - Annual Statement - Schedule P
Allied Health
Calculation of Reserve Discount
Data in (000's)

	(1)	(2)
	Net	Reserve
	Loss	Discount
<u>Year</u>	<u>& Expense</u>	<u>Factor</u>
	<u>Unpaid</u>	
Prior	324	0.90217
1997	51	0.89224
1998	73	0.88485
1999	174	0.87645
2000	(81)	0.86993
2001	2,279	0.89154
2002	2,010	0.89336
2003	4,355	0.89487
2004	30,643	0.88250
2005	60,085	0.89066
2006	<u>59,746</u>	<u>0.87680</u>
	159,659	0.88408 = Average
		0.11592 = 1.00 - Average

(1) ACE Consolidated Annual Statement, Schedule P, Part 1, Column 24

(2) Internal Revenue Bulletin 2005-49, December 5, 2005

ACE Consolidated
Calculation of Average After Tax Rate of Return
2006

	(1) Average of Latest 2 Year Ends Asset Value	(2) Interest & Dividend Income	(3) Net Interest and Dividends (2) x (1 + a)	(4) Pre-Tax Return (3)/(1)	(5) Federal Tax Rate	(6) Federal Tax (3)x(5)	(7) After Tax Return ((3)-(6))/(1)
Assets Available for Investment							
Cash & Short Term Invested Assets	852,508,376	37,128,871	35,838,706	4.2%	35.0%	12,543,547	2.7%
Bonds							
Tax Exempt		19,717,257	19,032,116		2.4% (b)	464,622	
Taxable		571,972,807	552,097,731		35.0%	193,234,206	
Total	11,732,825,810	591,690,064	571,129,848	4.9%		193,698,828	3.2%
Affiliated Stock at Fair Value							
Preferred	0	0	0		0.0%	0	
Common	88,656,145	0	0		0.0%	0	
Total	88,656,145	0	0	0.0%	0.0%	0	0.0%
Unaffiliated Stock at Fair Value							
Preferred	62,006,976	2,892,337	2,791,833		14.2% (c)	395,742	
Common	668,195,971	63,182,828	60,987,333		14.2%	8,644,954	
Total	730,202,947	66,075,165	63,779,166	8.7%		9,040,697	7.5%
Mortgage Loans on Real Estate	0	0	0	0	35.0%	0	0.0%
Real Estate	83,074,693	0	0	0.0%	35.0%	0	0.0%
Contract Loans	0	0	0	0	35.0%	0	0.0%
A/O Inv. Assets	464,899,224	0	0	0.0%	35.0%	0	0.0%
Total	13,952,167,193	694,894,100	670,747,720	4.8%	32.1%	215,283,072	3.3%

NOTES:

a. Investment Expenses and Write-ins for Investment Income of apply uniformly to all items of income.

	Total Interest and Dividend Income (excluding Write-ins & Expenses):	694,894,100
PLUS	Write-ins for Investment Income:	4,818,528
LESS	<u>Investment Expenses & Real Estate Depreciation:</u>	<u>28,964,908</u>
	Total Net Investment Income (incl. Write-ins, Net of Investment Expenses):	670,747,720
	Write-ins / Expense Multiplier:	(a) = -3.5%

b. 46.5% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate rate of 35%.

The applicable tax rate is therefore: $2.4\% = [.465 \times .15 \times .35]$

c. For domestic corporations, 30% of dividend income from unaffiliated stocks is taxed as ordinary income at a full corporate rate of 35%.

and 100% is subject to proration, so that 15% of the remaining 70% is taxed as ordinary income at a full corporate rate of 35%.

The applicable tax rate is therefore: $14.2\% = [(0.30 \times 0.35) + (0.70 \times 0.15 \times 0.35) + (0.70 \times .85 \times 0.00)]$

**ACE Consolidated
EXPLANATORY NOTES
FOR RETURN ON EQUITY CALCULATION**

Line I Premium to Surplus Ratio

Surplus was determined by dividing the premium in Line A1 by a premium to surplus ratio.
The calculation of the premium to surplus ratio is as follows:

	2006
	<u>All Lines</u>
A/S Net Written Premium	4,518,540,247
A/S Surplus as Regards Policyholders	4,420,558,091
A/S Premium to Surplus Ratio	1.022

Line J Equity to Surplus Ratio

Equity was determined by applying an equity to surplus ratio to the surplus in Line K.
The calculation of the equity to surplus is as follows:

		2006
		<u>Year End</u>
	ACE Consolidated	4,420,558,091
	<u>ACE Ins. Co. Puerto Rico</u>	<u>15,038,362</u>
SAP Surplus:	ACE Consolidated ex PR and International	4,405,519,729
GAP Equity:	ACE Consolidated ex PR and International	4,890,000,000
	Equity to Surplus Ratio	1.110

I. APPLICATION OF MANUAL

- A. The rules contained in these pages govern the writing of Professional and General Liability policies for Allied Health professionals.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, will govern in all cases not specifically provided for herein.

II. POLICY TERM

- A. Policies may be written for a term of one year and renewed annually thereafter.

Coverage may be extended for a period not to exceed sixty (60) days beyond expiration date, subject to the consent of the Company and the rates and forms in effect for the expiring policy term. Premiums for this extension shall be calculated on a pro-rata basis.

Coverage may be renewed, subject to the consent of the Company, for additional periods by payment of a premium calculated according to the company's rates, rules and forms in effect at the time of renewal.

III. PREMIUM COMPUTATION

- A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.
- B. When a policy is issued for other than a whole year, the premiums will be computed on a pro-rata basis.

IV. FACTORS OR MULTIPLIERS

Unless otherwise noted, factors or multipliers are to be applied consecutively, as opposed to being added together.

V. POLICY WRITING MINIMUM PREMIUM

No policy minimum premium applies.

VI. WHOLE DOLLAR RULE

- A. The premium for each peril, coverage or exposure for which a separate premium is calculated will be rounded to the nearest whole dollar as follows:
 - 1. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.
 - 2. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

VII. ADDITIONAL PREMIUM CHARGES

- A. All coverage changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.
- B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations.
- C. Additional premiums of \$24 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

VIII. RETURN PREMIUMS

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- A. Deletion of any coverage other than an optional coverage is not permitted unless the entire policy is cancelled.
- B. Return premiums are computed using rates in effect at the policy inception.
- C. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any coverage or exposure is deleted, or an amount of insurance is reduced.

IX. POLICY CANCELLATIONS

- A. This policy may be canceled flat by the Insured within 60 days of the effective date. Evidence of such cancellation must be received by the Company within the 60-day period.
- B. Any cancellation initiated by the Company more than 60 days from inception will be computed on a pro-rata basis.
- C. Cancellation initiated by the Insured will be computed pro rata less a penalty of 10% unless the same coverage is rewritten by the Company, in which case no penalty shall be applied.

X. COVERAGE

- A. Professional Liability is available on an occurrence or claims made basis.
- B. General Liability is provided on an occurrence or claims made basis.

XI. ELIGIBILITY

Rate Tables I and II under Section XVI. of these rules list the categories of service providers that are eligible for coverage.

The following additional eligibility/rating criteria apply to entities:

- 1. Entities with more than 75 full time equivalent employees will be written on a Refer to Company basis.

XII. LIMITS OF LIABILITY

A. The rates displayed in Rate Tables I and II under Section XVI. are to be treated as follows:

1. Table I provides Professional Liability rates for all allied health professionals, other than Optometrists and Opticians, for limits of \$1,000,000/\$3,000,000.

The table below provides the Differential Limits Factors used in calculating Professional Liability rates for other optional limits below \$1,000,000/\$3,000,000. For Differential Limits Factors for limits above \$1,000,000/\$3,000,000, refer to company for the factor to be used.

Aggregate	25	100	200	250	500	1,000
75	0.395					
300		0.632				
500				0.752	0.822	
600			0.712			
750				0.758	0.830	
1,000					0.834	0.944
3,000						1.000

2. Table II provides Professional Liability rates for Optometrists and Opticians for limits of \$1,000,000/\$1,000,000.

The table below provides the Differential Limits Factors used in calculating Professional Liability rates for other optional limits up to \$1,000,000/\$3,000,000. For Differential Limits Factors for limits above \$1,000,000/\$3,000,000, refer to company for the factor to be used.

Per Professional Incident (000) / Aggregate	
100 / 300	0.449
200 / 600	0.590
250 / 750	0.638
300 / 800	0.682
400 / 900	0.760
500 / 1,000	0.816
1,000 / 1,000	1.000
1,000 / 2,000	1.010
1,000 / 3,000	1.020

XIII. DEDUCTIBLE

The basic Allied Health Professional Liability policy has no deductible.

For firms or entities, the following deductible options may be selected, and the insured is responsible for the entire amount of each loss up to the selected deductible amount.

Deductible eroded by Indemnity	Factor
\$2,500	.975
\$ 5,000	.950
\$10,000	.925
\$15,000	.900
\$20,000	.875
\$25,000	.850
Over \$25,000	Refer to Company

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Deductible eroded by Indemnity and Other Payments	Factor
\$2,500	0.968
\$ 5,000	0.935
\$10,000	0.903
\$15,000	0.870
\$20,000	0.838
\$25,000	0.805
Over \$25,000	Refer to Company

XIV. OPTIONAL COVERAGES

A. Additional Insured

An additional insured may be added to the policy for a charge of \$250, with the exception of certified members of the National Association of Alcoholism and Drug Abuse Counselors (NAADAC) as defined in Note 1 under Rate Table 1 of Section XVI of these rules. For certified members of NAADAC the additional insured charge is \$50. Such additional insureds may include clinics, hospitals, etc., to which the insured may be contracted.

Lessors may be added to the policy as an additional insured at no additional premium. (All other additional insureds must be referred to the Company for underwriting.)

Additional insureds as described in this section will be added on a shared limits basis.

B. General Liability

General Liability is available for an additional premium. The occurrence General Liability premium is calculated at 10% of the mature claims made professional liability premium at the same limit of liability. If the General Liability coverage is provided on a claims made basis then the premium must be calculated as the occurrence premium multiplied by the appropriate step factor. The premium for other limits will be rated on a refer to company basis. Entities (Organizations including Corporations, Partnership, Joint Venture, Trust or Limited Liability Company) are subject to a minimum charge of \$250.

If General Liability coverage is purchased, then Employee Benefits Liability coverage is available at no additional premium.

Insureds that purchase General Liability may obtain coverage for Certified Acts of Terrorism, as defined in the Terrorism Risk Insurance Act of 2002, for an additional premium charge of up to 5% of the otherwise applicable General Liability premium.

C. Non-Owned Automobile Liability

This coverage option is available for entities only. The premium is calculated by multiplying the applicable rate by the total number of employees. The rates for the available limits options (000) are shown in the table below, along with the minimum premiums applicable to this coverage option.

	\$250/\$250	\$500/\$500	\$1,000/\$1,000	\$1,000/\$3,000
Per Employee Charge	\$14	\$16	\$18	\$20
Minimum Premium	\$250	\$500	\$1,000	\$1,000

D. Claims Made Coverage

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The following rating procedures apply to professional liability written on a claims made basis:

1. Determine the applicable occurrence premium.
2. Determine the retroactive date. If the date goes back 5 years or more, the Mature Claims-Made Factor from the Claims Made Step Factor table should be applied to the premium developed in 1. above.

Note: The retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgement.

3. If the allied health professional is just entering practice, has been continuously insured under an occurrence policy or if no prior acts coverage is being provided, select the year 1 claims made factor from the Claims Made Step Factor table and apply it to the occurrence premium determined in 1. above.
4. If the allied health professional has been insured under a claims made policy for one or more years immediately preceding the effective date of the policy to be issued, and prior acts coverage is being provided, the following procedure will apply:
 - a. Determine the number of years in which the allied health professional has been insured under a claims made policy;
 - b. The number determined in a. above will be the "prior years of exposure". Fractional years of 6 months or more will be rounded up to the next higher year; less than 6 months will be rounded down to the next lower year.
 - c. The selection from the Claims Made Step Factor table is made by adding one year to the "prior years of exposure" developed in a. and b. above. The additional year is to account for the new policy to be issued.
 - d. The applicable factor in the Claims Made Step Factor **table** is to be applied to the premium developed in 1. above.

TABLE OF CLAIMS-MADE STEP FACTORS

YEARS	STEP FACTORS
YEAR 1	.55
YEAR 2	.69
YEAR 3	.82
YEAR 4	.91
YEAR 5 OR MORE (Mature)	1.00

E. Extended Reporting Period Coverage

An extended reporting period may be provided for up to an unlimited basis, subject to the following:

1. Except as described in 6. below, the extended reporting period is available only if the policy is cancelled or nonrenewed by either the company or the insured.
2. The insured must notify us in writing of his or her election of the extended reporting period within 60 days of the effective date of termination of the policy.
3. Any earned premium due on the policy and the premium for the extended reporting period must be paid in full before the extended reporting period will be effective.

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4. The entire premium for the extended reporting period will be deemed earned when the extended reporting period begins.
5. The premium for the extended reporting period will be developed by applying the appropriate factor from the table below to the mature claims made premium for Coverage A otherwise developed for the risk based on the rates and rules in effect on the date the policy was last renewed or last issued:

Claims-Made Year	Length of ERP (Years)				
	If Claims made GL coverage is included only the 5 year or unlimited period is allowable.				
	1	2	3	5	Unlimited
1	0.278	0.428	0.533	0.556	0.579
2	0.424	0.676	0.824	0.847	0.870
3	0.539	0.843	0.995	1.019	1.042
4+	0.602	0.915	1.071	1.095	1.119

6. The premium for the extended reporting period will be waived if the insured is an individual and:
 - i. Dies or becomes totally and permanently disabled during the policy period; or
 - ii. Retires, if at least age 55 and insured for professional liability by us for 5 or more continuous years.

If the insured returns to the practice of his or her professional services after retirement or after a period of total and permanent disability and after the issuance of the extended reporting period Endorsement and premium waiver, the extended endorsement will be cancelled unless the insured contacts us within 30 days to request an extended reporting period without waiver of premium and pays the appropriate extended reporting period premium developed from the rates, rules and rating plans in effect for us at the time of the insured's retirement or disability.

7. The Professional liability extended reporting period does not increase or reinstate the limits of liability. If General Liability Coverage is also required for the extended reporting period, then reinstatement must be provided.

F. Leave of Absence

Subject to Company underwriting approval, coverage under an in-force policy may be suspended for a period of not less than 30 days, and not more than six months. This suspension may be made without premium adjustment. The expiration of the policy is extended by the same length of time that the policy was suspended. This feature can be used for a parental leave, medical leave, military call-up to active duty, or a sabbatical.

XV. PREMIUM CALCULATION RULES

A. Base Rates.

The premium for this policy is calculated on a "per professional" basis. The base rates will be applied in accordance with the allied health professional specialty as shown in Tables I and II of Section XVI. If two or more classifications apply to the same professional, the highest rated classification is to be used.

B. Base Rate Adjustments.

1. Part Time. A part-time base rate adjustment factor of .50 will apply to any individual allied health professional who is self-employed and works 16 hours or less per week.

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C. Surcharges

Category	Surcharge	Rationale
Supplemental Staffing	A surcharge of up to 25% will apply to entities or individuals engaged in supplemental staffing.	On a sliding scale based upon % of exposure
Registry	A registry surcharge of up to 25% will apply to entities or individuals that do registry services.	On a sliding scale based upon % of exposure
Background Check	A surcharge of up to 10% will apply to entities or individuals not performing background checks on their employees and independent contractors.	No surcharge if background checks adequately performed 5% surcharge if performed randomly 10% if no checks performed
Nursing Homes / Assisted Living Centers / Long Term Care Facilities / Prisons	A surcharge of up to 25% will apply to entities or individuals that do staffing of Nursing Home Facilities, Assisted Living Centers, Long Term Care Facilities, or Prisons.	On a sliding scale based upon % of exposure
High Tech / Critical Care	A surcharge of up to 25% will apply to entities or individuals engaged in high tech / critical care services, including Surgical, Pediatric, Infusion Therapy, and Tracheotomy/Ventilator Care.	N/A

The surcharges shown above are additive if more than one applies, subject to a maximum surcharge of 65%.

D. Full Time Equivalent (FTE).

For all types of risks other than individuals and students, calculate the number of applicable FTEs as follows:

In accordance with the professional rate classifications, sum the total annual hours worked for each classification. Divide each of these totals by classification by 2000 hours (one Full Time Equivalent) to establish the number of FTE slots to be charged for each classification. Fractions of FTE slots per applicable classification grouping will be rounded up to the next highest FTE.

E. Schedule Rating

The schedule rating credit or debit will be equal to the sum of the selected credits or debits given for each of the individual risk characteristics shown in the table below, subject to a maximum credit or debit of 25%.

Characteristic	Max Credit	Max Debit
Claims History	25%	25%
Risk Management	20%	20%
Nature of Operations	15%	15%

F. Territorial Multiplier

Apply the territorial multiplier shown in the state exception pages. Select the territorial multiplier associated with the territory in which the individual works.

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G. Entity Rating Factor

An entity rating factor of up to 1.20 will apply to all entities (Organizations including Corporations, Partnership, Joint Venture, Trust or Limited Liability Company) in addition to any other rating factors that apply, subject to a minimum charge of \$1,000. This rating rule is applied after the application of the increased limits factor but before any other rating factors. This rating rule also applies to student blanket policies.

H. Internet Discount

A 5% credit shall be applied to policies marketed through electronic commerce distribution channels.

XVI. Rates

Table I

Professional Classification	Professional Rate	Student Rate
Addiction Counselor (NAADAC Program) (1)	169	21
Addiction Counselor (Non-NAADAC) (2)	368	21
Addiction Interventionist	490	N/A
Administrative/Clerical	110	37
All other Aide, Assistant, or Technician	264	88
Art, Music, Dance, Pet, and Recreation Therapist (2)	264	N/A
Audiologist	264	88
Auricular & Full Body Acupuncture Therapy and Counseling	736	243
Auricular Acupuncture Therapy and Counseling	368	122
Behavioral Analyst	368	21
Blood Bank Technician	264	88
Cardiology Technician	264	88
Case Workers and Case Manager (2)	368	122
Certified Employee Assistance Professional	283	21
Certified Tech./ Assistant	264	88
Companion	128	43
Cytotechnologist	264	88
Dental Assistant	111	37
Dental Hygienist	264	88
Dialysis Technician	264	88
Dietician/Nutritionist	264	88
EKG/EEG Technician	264	88
Health Educator (2)	264	88
Home Health Aide	170	57
Homemaker	128	43
Intern Mental Health/Addiction Counselor	264	NA
Lab Technician	264	88
Licensed or Certified Mental Health Counselor (2)	368	21
LPN	264	88
Marriage and Family Therapists/Counselor (2)	368	21
Massage Therapist	490	163
Medical Office Assistant	111	37
Medical Records Technician	264	88
Medical Technologist	264	88
MRI Technician	264	88
Nurse Aide	153	51

Professional Classification	Professional Rate	Student Rate
Nurse Practitioner	1063	354
Nurse/RN	298	99
Occupational Therapist	340	113
Paramedics/EMTs (Eligible for Students Only)	N/A	170
Pastoral Counselor	368	N/A
Pathology Assistant	264	88
Patient Intake Technician	111	N/A
Personal Coach	368	N/A
Pharmacist (Mail Order, Nuclear)	638	213
Pharmacist (Non-Mail Order – Non-Nuclear)	510	170
Pharmacy Assistant	170	57
Pharmacy Technician (Dispensing)	255	85
Phlebotomist	264	88
Physical Therapist	490	163
Physician's Assistant	N/A	567
Psychological Assistant (Masters Degree) (2)	490	N/A
Psychologist (Bachelors or Masters Degree) (2)	1063	N/A
Psychologist (Doctorate Degree)	1063	Post Doctoral 264
Radiological Technologist	264	88
Rehabilitation Counselor/Therapist	368	21
Rehabilitation Counselor/Therapist Assistant	264	N/A
Respiratory Assistant	264	88
Respiratory Therapist	510	170
Social Worker (2)	368	21
Speech Therapist (2)	340	113
Surgical Assistant	N/A	567
Surgical Technologist	264	88
Surgical Technologist/First Assistant	264	88
Ultrasound Technician	264	88
Utilization Review Technician (2)	368	N/A
Volunteer	111	N/A
Wellness Counselor (2)	368	21
X-Ray Machine Operator/Technician	264	88

Note 1.

Certified Members of the National Association of Alcoholism and Drug Abuse Counselors (NAADAC) are to be written in conjunction with the Behavioral Health Purchasing Group with the rate shown in Table I for limits of \$ 1,000,000 Per Professional Incident / \$ 3,000,000 Aggregate. This rate contemplates coverage for individuals who have been NCAC certified as members of NAADAC. The only Optional Coverages under Section XIV offered for these members are the Entity Coverage Extension, the Additional Insured Endorsement and Claims Made Coverage.

Note 2.

A credit of up to 50% applies to individuals who receive primary professional liability coverage from their employer.

Table II

Allied Health Professional Liability Rate Table – Optometrists/Opticians Basic Limits - \$1,000,000 / \$1,000,000		
Professional Classification	Professional Rate	Student Rate
Optometrists	354	118

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Allied Health Professional Liability Rate Table – Optometrists/Opticians		
Basic Limits - \$1,000,000 / \$1,000,000		
Professional Classification	Professional Rate	Student Rate
Opticians	249	83

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State Exceptions. Selected countrywide rules are amended as described below:

- I. Under Rule XV. PREMIUM CALCULATION RULES, Rule F., the following Territorial Multiplier applies:

Territory Definitions	Multiplier
1 – Cook County	1.40
2 – Counties of Dupage, Lake and Will	1.20
3 – Remainder of State	1.00

- II. The following rule has been added

PREMIUM PAYMENT INSTALLMENTS

The following installment premium payment plans shall be offered:

1. For annual premiums up to and including \$80,000, a three-installment payment plan payable as follows:
 - a. an initial payment equal to 50% of the premium due at policy inception;
 - b. a second payment equal to 25% of the premium due 2 months from policy inception; and
 - c. a third payment equal to 25% of the premium due 4 months from policy inception.
2. For annual premiums in excess of \$80,000, a five-installment payment plan payable as follows:
 - a. an initial payment equal to 30% of the premium due at policy inception;
 - b. a second payment equal to 25% of the premium due 2 months from policy inception;
 - c. a third payment equal to 20% of the premium due 4 months from policy inception;
 - d. a fourth payment equal to 15% of the premium due 6 months from policy inception;
 - e. a fifth payment equal to 10% of the premium due 8 months from policy inception.

Additional premium resulting from changes to the policy shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed immediately as a separate transaction.

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